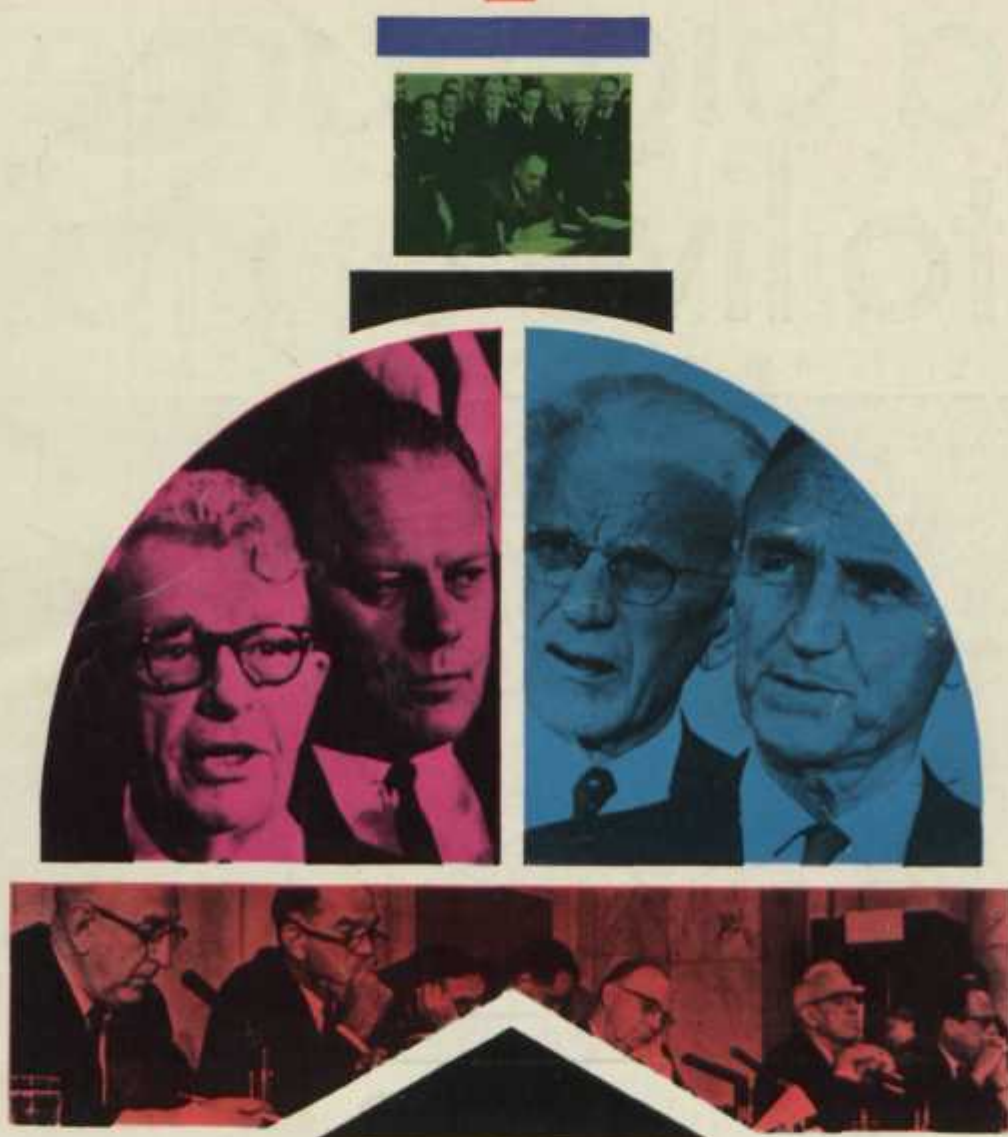


Nation's Business

A USEFUL LOOK AHEAD

DECEMBER 1966



BIG ISSUES IN NEW CONGRESS

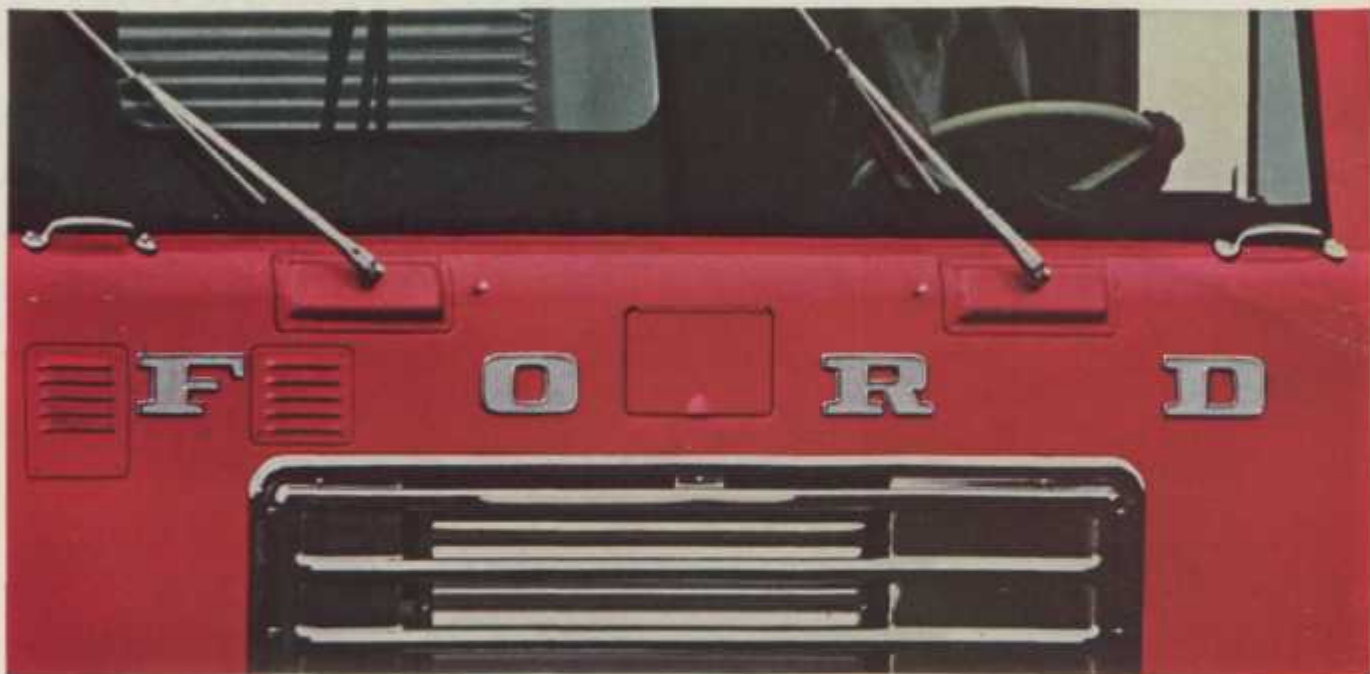
New way to bigger profits

Where government can cut s



Check your ZIP Code (see page

We have a big name to live up to.



And we are!

In the past 5 years,
Ford big-truck
sales have grown
91% faster than
the industry

truck sales and service. They're part of a strategic network of 270 Ford Heavy-Duty Truck Dealers, backed by over 6,100 regular dealers. You can't outrun Ford service!

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CAN YOU AFFORD NOT TO CONSIDER FORD ON YOUR NEXT TRUCK BUY?



FORD HEAVY DUTY TRUCKS

You're ahead in a Ford

Ford Trucks keep coming on so
like the Diesel linehauler
But better trucks are only
or half is better service.

ERS

the specialized heavy-

models are
engineers in



**A Bell System credit card
is like taking your office telephone with you wherever you go!**

When you travel, a Bell System credit card is your best companion.

The Bell System card makes any telephone, anywhere, like your own office phone. When you're in a customer's office, for example, you can call Long Distance at your own expense, without inconveniencing others.

Of course, there's also simplified accounting for your company.

Wherever you are—and whenever and wherever you need to call—the simplest way is with a Bell System credit card. To get one, you or your company representative should call your Bell System Business Office.

AT&T  **Bell System**
American Telephone & Telegraph
and Associated Companies

Nation's Business

December 1966 Vol. 54 No. 12

Published by the Chamber of Commerce of the United States
The national federation of organizations representing
4,750,000 companies and professional and business men
Washington, D.C.

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We call our new plan Group / Ordinary Life because it gives the employee that choice. Ordinary whole life or retirement income insurance. Or group term life.

Group / Ordinary has three benefits that group term doesn't have.

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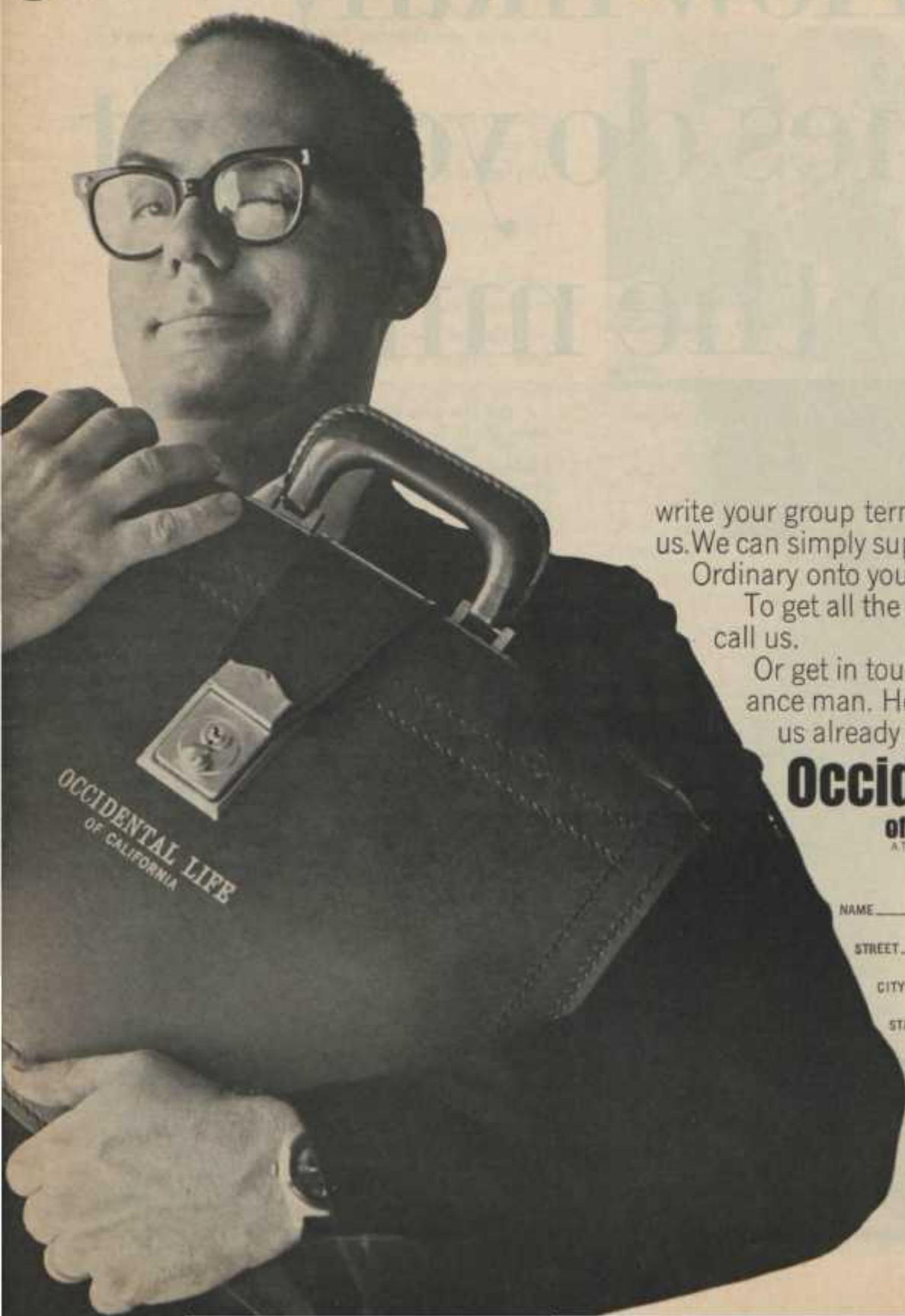
What else?

Well, there's nothing that says you can't get in on Group / Ordinary yourself.

And you don't have to upset your whole insurance operation, either. We've worked it out so there isn't any extra book-keeping. And if you want to let your present insurance company continue to



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write your group term, that's okay with us. We can simply superimpose Group/Ordinary onto your current plan.

To get all the details, write us or call us.

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Off she goes to the copier and when she'll be back nobody knows.

The biggest expense in copying and duplicating isn't always the cost of running the machine. Sometimes it's the cost of traveling to and from the machine.

The solution isn't necessarily to move a machine closer to your girl. Because, if you move a machine closer to one girl, you move it further away from another. And the solution isn't always more machines.

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You don't have to. Xerox will send in a Copy Analyst to look over your operation and design a complete copying and duplicating system. The right machines in the right places.

Call us for an appointment. Or have your secretary do it when she gets back with the copies.

XEROX

WASHINGTON: A LOOK AHEAD

You think you've got problems with the budget for your business.

Look at what LBJ faces:

It's the start of those last few crisis weeks when the expenditures-receipts boys bring in those big figure books. The new budget proposals go to Congress next month.

And this time, budget decisions will be the "hairiest yet," as one expert sees it.

First, you've got Viet Nam. Heaven knows how much it will still cost. You can guess at \$70 billion in total military outlays for next fiscal year, but it would be only a guess. Who can read the mind of North Viet Nam's Ho Chi Minh?

The President will have to ask Congress for a supplemental appropriation of nearly \$15 billion to catch up with too-meager war estimates last year.

Then there are new bold recommendations of Presidential task forces. Some of these ideas for future spending are "uninhibited" according to one insider. Pretty fancy pats of butter for even a guns-and-butter budget.

Does LBJ go for any of these or does he put the new ideas on the shelf and pump a bit more money into narrowing the "expectations gap"? This is the gap between what was promised by antipoverty, demonstration cities, antipollution laws, etc., and the amount of money put up so far to fund these schemes.

Then, too, because of commitments such as interest on the debt, price supports, welfare payments, government employees' pay, social security and so on, only a narrow slice of the whole budget pie is subject to Presidential control. With all the built-in commitments, it's become almost a locked-up budget as far as big cuts are concerned.

As if this weren't enough to bring on hand-wringing, LBJ's got to try to figure out if we'll



Budget Chief Schultze and LBJ go over figures.

have a recession in the next 18 months (the fiscal '68 budget now being toted up goes till June '68). And he's got to balance this prospect against how to ease what may be the worst inflation in U.S. history.

Yes, the budget is "an important instrument of economic policy," as the budget makers have termed it.

There's a real chance the current budget, covering the year that ends June '67, will be way up in the red and that the new one, still in the making, will gush red ink, too.

These big deficits will occur unless more revenue can be brought in. The natural answer is a tax boost. This is what economists and policy makers by the barrelful have been pleading for.

But LBJ being the kind of clutch player—the searcher for alternatives—he is, could do the unexpected.

He may call for a tax hike, yes. But not a big bite. Instead, he may rely also on a big new government bond program to bring in part of the revenue. New kind of war bond could

WASHINGTON: A LOOK AHEAD

become popular and patriotic. This could attract savings, reduce the budget deficit and help finance and fight the Viet Nam and inflation wars at the same time.

Union influence in federal government, already obvious at upper levels, gets stronger from bottom up, too.

Small unions representing federal employees are making merger eyes at each other. Results could be a giant union making demands with penalty of shutting down country's entire administrative machinery.

Government unions push to boost membership at the same time. By mid-March, for example, American Federation of Government Employees intends to lift its membership in Washington, D.C., alone from 18,000 to 36,000.

Leaders of government unions are moving fast, fearing big-time, all-purpose unions like the International Brotherhood of Teamsters are getting more interested in tapping federal payrolls for dues.

Will your foremen carry union cards?

Labor lawyers report new tendency in National Labor Relations Board in Washington and regional offices to loosen restrictions against including supervisory persons in unions.

Some functions NLRB once considered supervisory are no longer enough to keep persons out of growing number of newly assigned collective bargaining units. It mostly depends on what unions want in each case.

Don't be surprised if poverty commander Shriver is moved to another government post, à la the President's other sleight-of-hand transfers.

Rumblings that Congress will demand tightening of administrative procedures back view that main job of Office of Economic Opportunity now is administrative. Innovation and salesmanship phase is finished.

Even admirers of Shriver concede his forte is

launching new concepts) and selling them to the Congress, not wrestling with administrative problems, trying to fend off barrage of criticism of poverty war bungles.

Precedents are Goldberg shift from Supreme Court to United Nations, Katzenbach switch from Justice to State Department.

Mail problems? So has everybody.

One reason is faulty planning by Post Office Department. They didn't count on mountains of mail now being dropped in slots.

Other reasons abound. Listen to moans of one postal inspector:

"We're having to hire illiterates who can't even read the English language." They don't sort mail, luckily, but unload trucks. Still, they can't tell where to drag the mailbags because they can't read the tags.

Getting people to take the jobs is rough. Temporary mail carriers decide quickly it's not their cup of tea.

"We've had men who come back two hours later and quit," gripes the inspector.

Government's phone service frustrates bureaucrats, wastes money.

Uncle Sam has vast network of leased long-distance circuits. With Federal Telecommunications System, one agency can direct-dial another anywhere in U. S. Calls to nongovernment telephones must be made through FTS switchboards, too.

FTS is supposed to give agencies "prompt and economical service on long-distance calling."

But does it?

One federal office logged an average day's FTS calls. It took three hours to put through four of the calls—due to clogged circuits, swamped switchboards, erroneous numbers and confusing FTS directories.

Calls could have been placed through private telephone company for a fraction of cost and effort.

Louis Roth Clothes says scientifically planned music masks high noise levels.

Louis Roth Clothes, Los Angeles, manufacturer of Louis Roth and Kuppenheimer suits, works hard for the people who work for them. They know that employee attitudes affect performance and output.

When we called on Louis Roth Clothes we told them music by Muzak® is scientifically planned for work situations. That it is designed to offset the boredom and fatigue of routine jobs. We showed them how some companies use Muzak profitably to increase efficiency and reduce errors. And how others find it helps

cut lateness, absenteeism and turnover.

We told them that Muzak masks distracting machine noise without shouting it. And that it relieves tension in high noise areas.

We showed them where Muzak works in areas where noise levels reach 100 decibels.

Louis Roth Clothes didn't take our word for it; they insisted on a trial installation. The results were predictable; employees liked working with Muzak. Their attitudes improved; so did their work. We installed complete

Muzak systems in the Los Angeles, California plant.

Mr. Harry Roth, President, says: "Our cutting and tailoring departments are noisy areas. In addition to the ability of work music to cut through these noises without adding to them, we believe it must also be scientifically designed, arranged and timed to obtain the most productive results for our business.

"Muzak has been consistently fulfilling these requirements ever since we began using it in 1947."

music by **Muzak** 

Don't take their word for it.

And don't take our word for it. Prove it to yourself with a trial installation.

- ☐ I'd like to talk about it with a Muzak franchiser.
☐ I'm still skeptical, send me more proof.

Name _____

Title _____

Company _____

Address _____

NB-6

For the few who are unethical

To the Editor:

In "Rather Fight than Switch?" [October] is the following statement:

"The old practice of some loan companies advertising money 'at 6%' when actually borrowers pay 20 or 30 per cent, could be ended by the so-called truth-in-lending bill. This legislation moreover would be an impractical burden on all sorts of businesses and institutions that lend or extend credit."

There are 49 state laws which regulate the small loan business. (Arkansas does not have a law.)

These laws contain provisions which prohibit licensees from using false, deceptive or misleading advertising. Any such practice as described in your article would be considered false, and would result in revocation of the license.

HARRY E. FULLER
President
Capital Finance Corp.
Columbus, Ohio

► *Editor's note — The paragraph quoted was an attempt to recognize there are some people who break state laws, even though the great majority are legal and ethical. It is the unscrupulous few that bring on such things as the so-called truth-in-lending bill. That was what NA-*

TION'S BUSINESS intended to get across.

Mr. Breech's deeds

To the Editor:

I was most impressed with your story of Ernest R. Breech ["Lessons of Leadership: Part XVII—Rebuilding the Giants," October].

I compliment him on his accomplishments.

D. T. ZEBREE
Kingston, N.Y.

A frank French reply

To the Editor:

As a Frenchman temporarily living in the United States, I'd like to express my feelings of sadness over the article "Not All the Yanks Can Go Home" [October].

For many years every European nation has known that NATO should undergo certain changes and they submitted requests to that effect time and again, but in vain.

Gen. de Gaulle has now taken the action which will bring the necessary changes. Other methods could and should have been used, I agree, but what he did had to be done.

In spite of it, I sincerely hope you will believe that France continues to be your country's greatest friend.

Please consider my frankness as proof of it.

AUGUSTIN F. D'ARVILLE
New York, N.Y.

Wages for jobless?

To the Editor:

I read your article, "Should They Have to Work at All" [September], and I was aghast at such an idea.

We should recognize that there are millions of people who are just too lazy to be employed. To give a guaranteed income to these people is contributing to their delinquency.

DORIS L. BLOMQUIST
Middletown, N.J.

To the Editor:

The effort by the present Administration, and backed by organized labor, to furnish a guaranteed income to those who have never worked, have no desire to work and who now have the audacity to form unions to demand their "rights," represents only one of many plans to punish those who pay the bills for these grand schemes.

If this is progress, then I ask only that some effort be extended in honest appraisal of where this "progressive" road will lead.

N. ELTON DRY
Attorney at law
Baton Rouge, La.

That myth about profits

To the Editor:

Mr. Jennings' excellent article, "Why All the Confusion over Profits" [September], exposing the myth about "ballooning corporate profits," should be merely the opening round of a concerted drive on the part of business leaders to counter the statistical distortions about profits that are fanning the prejudices of workers against their employers.

JOSEPH H. LEOPOLD
Zimmerman, Evans and Leopold
Consulting Engineers
Atlanta, Ga.

Sam Levenson's definition

To the Editor:

I particularly enjoyed Sam Levenson's article, "When It Was a Privilege" [September].

I liked his definition of freedom: "The opportunity to change the circumstances of your life through your own effort. . . ." I'm sure he would have liked to have "through your own effort" emphasized.

I am terribly afraid that too many of our people are looking for a fifth freedom—freedom from responsibility.

ROLAND E. BRADLEY
President
Bradley-Jenkins, Inc.
Gastonia, N.C.

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who finds a way to damage
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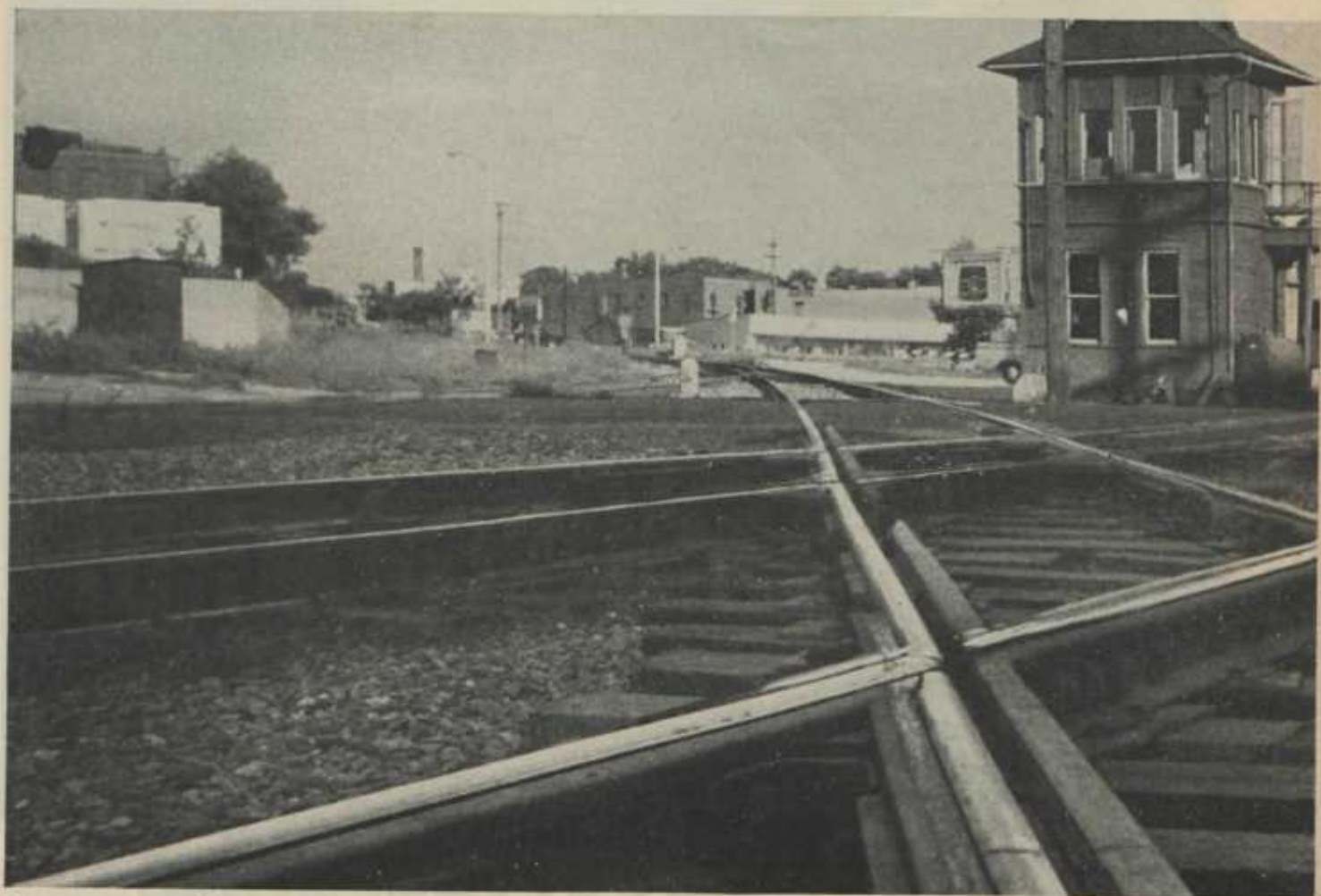


**Promote him.
He's a genius.**

It won't be easy. BIC's "Dyamite"® Ball is the hardest metal made. Heaven knows, we at BIC tried to damage 19¢ BIC pens—just to see how tough they really are. We've fired them from rifles, skidded them across ice, drilled them through wallboards. And through it all, BIC pens continued to write first time, every time. BIC will not skip, clog or smear, no matter how much punishment we... or you... give it. After all, more people use BIC than any other pen in the world and they haven't damaged the point yet... over 4 million BIC pens are sold every day.

Contact your regular office supplier. He has BIC 19¢ Medium Point and BIC 25¢ Fine Point pens for every writing job. Available in blue, black, green or red inks. Try them soon.

WATERMAN-BIC PEN CORP., MILFORD, CONN.



Some vans sway and bounce across tracks because they have a very short wheelbase. GMC's new Handi-Van is different. It has a longer 108" wheelbase. We didn't give in to the temptation of tacking on more metal back of the

rear axle. We didn't try to fool you by stretching out the body to give you more loading area. We refused to give you the excessive rear overhang and exposed seams you find on some makes. Instead, GMC's Handi-Van gives you a

If you think all vans are run our new one across



MADE BY EXCELLENCE



tremendously stable ride. (You'll feel the difference the first time you load it up.) V-8 power is also available. Safety equipment includes backup lights, pushbutton seat belts, padded dash and emergency flasher. You'll have to hunt

high and low to equal our features. And you'd likely be willing to shell out a lot extra for a truck that could do it. Yet the prices of all vans are only a few dollars apart. Why not save money by calling your GMC truck dealer now?

pretty much alike, some railroad tracks.



The Truck and Coach Division of General Motors

GMC

What a difference a name makes



Low-priced time clock helps small companies meet strict wage-hour law requirements

Accurate time records and proof of compliance are mandatory for all companies subject to the wage-hour law. More and more companies are finding it pays to avoid wage-hour trouble with clock-stamped payroll time records. A bonus benefit is that resulting employee respect for time discipline shows up in increased production!

Lathem leads the field with a deluxe, fast-operating, top-inserting time recorder that provides error-free two-column payroll accounting for straight time and overtime. And Lathem makes time clocks feasible for companies with as few as three employees with low-priced side-printing models which may be used for job time as well as payroll time.

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Please send me complete information and prices, also payroll time card samples.

Name

Company

Address

Lathem

TIME RECORDERS
PROGRAM TIMERS
TIME STAMPS
WATCHMAN CLOCKS

Executive Trends

- Coping with those costs
- When words fail you
- How forecasters fared

How to meet those mounting costs

Having a tough time:

- Setting aside money to educate the kids?
- Making annual gifts to your church and charities?
- Paying insurance premiums?

Then maybe you should investigate a short-term trust. Experts, like Francis M. Simon, Kalb, Voorhis & Co., New York, say it has special tax advantages that could make it well worth your while.

Take John Doe. He's in the 50 per cent tax bracket. He owns \$40,000 in securities. They net him \$2,000 a year.

His only son, John Jr., is six. He wants to make sure his boy will have money for college.

He figures John Jr. will need \$12,000 to \$15,000 to get his A. B. So he takes half of his \$40,000 in securities, sets up a short-term trust. This \$20,000 earns \$1,000 a year.

When he held these securities in his own name, Uncle Sam got half that sum—or \$500. In trust, the money is virtually tax free. And it can be reinvested to build up twice as fast as fully taxed income—or faster.

Limitations?

It's good only if you set it up for at least 10 years (say 10 years plus one month). That's IRS minimum. After that, of course, the securities revert to you.

Also, it's helpful mostly to men in middle or moderately high income brackets.

Finally, its value is primarily to

minimize income taxes, not estate taxes. If you're rich, and want to pass on as much of your property as you can to your heirs, there are other—better—ways to do it.

Want to investigate further? Check your professional advisor.

Words fail you? Try free-lancers

Need a ghost?

One highly specialized firm supplies them for a fee. Not spooks, of course, but professional writers who "ghost" for others.

"Writers: Free Lance," Philadelphia, Pa., has on tap some 1,500 authors, reporters, editors, technical writers. Each one's a specialist—for example, in speech writing, direct mail, newsletters, annual reports.

James Eysler, director, says the firm failed to fill a request only once. That was for a skilled writer—and amateur astrologer—to produce ad copy for books on astrology.

The firm had the right man for the job. But he turned it down.

He checked his horoscope, and the stars said "No."

This beats "smart pills" for pepping up memory

MEMO: To busy businessmen who can't remember the wife's birthday, your wedding anniversary—or important business information.

Don't feel stupid. You've got lots of company.

Experts find the human memory normally is like a sieve. On the

THE BEST THINGS IN LIGHT ARE G. E.



G. E. puts nine feet of light into an eight-foot fluorescent.

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General Electric introduced the first fluorescent over 25 years ago. And ever since, G. E. has been improving this magic wand of light. The G-E Power Groove[®] you see here is the world's most powerful. Grooving makes the arc stream travel the equivalent of nine feet inside an eight-foot tube... one reason Power Groove gives you more light for your money than ordinary tubes. And now G. E. has cut your business substantial savings in your total cost of fluorescent lighting. Call your General Electric Large Lamp Agent or write General Electric Co., Large Lamp Dept., C-550, Nela Park, Cleveland, O. 44112.

GENERAL  ELECTRIC





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EXECUTIVE TRENDS

continued

average, it retains only 44 per cent of what it learned an hour ago; 34 per cent, a day ago; 25 per cent, a week ago.

Even "smart pills" won't help your memory much, BFS Psychological Associates, New York, report. But there are three ways you can pep it up, BFS says:

- As soon as you learn something new, try to put it to use. Or at least repeat it to someone—maybe your secretary—or write it down. That'll help it soak in.
- Tie new facts and figures to something you already know. Or try to visualize them—paint them into a mental picture that's more vivid than the mere data.
- Review and repetition will drive home new knowledge. That's why a lecture, plus a film, works better than either one alone.

How to read a crystal ball

"Only one forecaster is worse than the weatherman," an executive gripes. "That's the business forecaster."

He's not just voicing a pet peeve. A National Bureau of Economic Research, Inc., study tends to confirm it. The NBER survey, written by Dr. Victor Zarnowitz, University of Chicago Graduate School of Business, finds:

- Economists' annual forecasts were off an average 40 per cent on GNP changes—47 per cent for industrial production index changes.
- Company projections, usually the work of small professional teams of economists, had best batting average.
- Short-term forecasts were more accurate than long-term and those by economists beat computer projections.

What can you do to keep from being misled by the crystal-gazers? Try adding two per cent to their figures. In most years, that's how much their annual forecasts underestimated GNP.

Facing the future with a great, big smile

Detroit has its ups and down but auto makers see ever-growing market for their output. Here's why: For past 16 years, Americans have spent at least 5.2 per cent of



SPEAKING OF CANADA

As a country on a map, we lie sprawled across the top half of North America—nearly four million square miles—a land singularly blessed by nature. As a nation, we plan to celebrate our 100th Birthday in 1967 by inviting the world to share in our Centennial festivities. In the beginning, our forefathers came seeking wealth and a new way of life. First the French, then the British. Separately they began to explore and chart this vast and unknown land. Then, across a conference table, they combined their strengths. That was 100 years ago—on July 1, 1867. Now we possess this land in common under the maple leaf, symbol of the great forests we have hewn down together.

An equal welcome is extended to all who come—and millions have, from many parts of the world, from many racial origins.

They have brought us hands and brains, skills and ideas.

They have helped us spread out over this enormous territory—blessed with most varieties of climate and almost every natural resource. Joined now by railways, highways, airlines and waterways ... and linked by radio, television and telephone networks.

We are bound together, too, by the knowledge—gained from men and women of many races—that harmony need not mean assimilation.

Today, we are twenty million Canadians, half of us less than twenty-five years old. We are friends and next-door neighbours of the United States. Our roots run back to overseas motherlands but our loyalties are inseparably linked with Canada. A partner in the Commonwealth, we are also a member of the United Nations, sharing its burdens and aspirations. A land abundantly endowed—four thousand miles wide—we believe in the wisdom of sharing our blessings with other members of the human family. We are grateful to the past, invigorated by our current progress, and inspired by the challenge of the years that lie ahead.

Already, Canada ranks as the third nation to have a satellite in orbit.

Certainly 1967 finds us with much to celebrate.

Centennial Year will be a great and glowing festival. Nowhere will the lights shine so brightly or so many people gather as at Montreal, where a host of buildings and spectacles are rising to form a new-made city of islands and lagoons. Here, from late April through

October, with 70 nations assisting us, we hope to make our INTERNATIONAL EXHIBITION—EXPO 67—the largest, finest WORLD'S FAIR ever held, and a true mirror of man's achievements. Everywhere for our cross-country Centennial we are readying new events, adventures, sights and sounds and places.

Things are happening in Canada...for us, and for you. We hope you will come to share them.



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EXECUTIVE TRENDS

continued

income on new cars. In 11 out of 16, they spent more than 5.4 per cent.

So car sales are hitched to U. S. population, and per capita income, both on the up beat.

H. L. Duncombe, Jr., director, economic and market research, General Motors Corp., served up the statistics when briefing members of the National Account Marketing Assn. on 1967 business outlook.

Unpaid bills—keep 'em young and collectible

Aging is great for some things—like wine or tobacco. But not for unpaid bills, the National Assn. of Credit Management warns.

For every \$1 owed you that's six months old you'll probably collect only 67 cents. For those a year old, make it 50 cents.

These statistics come from NACM's Credit Research Foundation.

One way to keep bills from becoming past due is to set up an "aging of accounts receivable" sheet. It shows who owes how much, and for how long.

Best way to keep your accounts receivable young and collectible is to have a credit manager who's on the ball.

Who can tell you where to find one? Local colleges, banks and credit associations.

If he has a few rough edges that need smoothing, NACM's National Institute of Credit has home-study training courses to buff 'em up.

Winning tactics for the war on office red tape

Getting bogged down in costly paper work? Experts say there are five ways to cut down on red tape or slash through it:

- Eliminate duplication.
- Do away with needless paper-shuffling.
- Free high-paid help from clerical chores.
- Level out work load by better planning.
- Speed up manual methods—or mechanize.

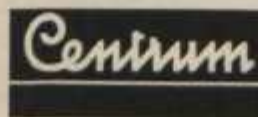
Here's how one authority, E. A. Cyrol & Co., Chicago, Ill., says you can achieve those goals. Examine in detail what each office worker does; find out how long each task takes; post the data on a work distribution chart; analyze and reassign work to eliminate wasted motion; follow up to insure results.

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happened to the 1967 Chevrolets



1967 Chevy II Nova 4-Door Sedan

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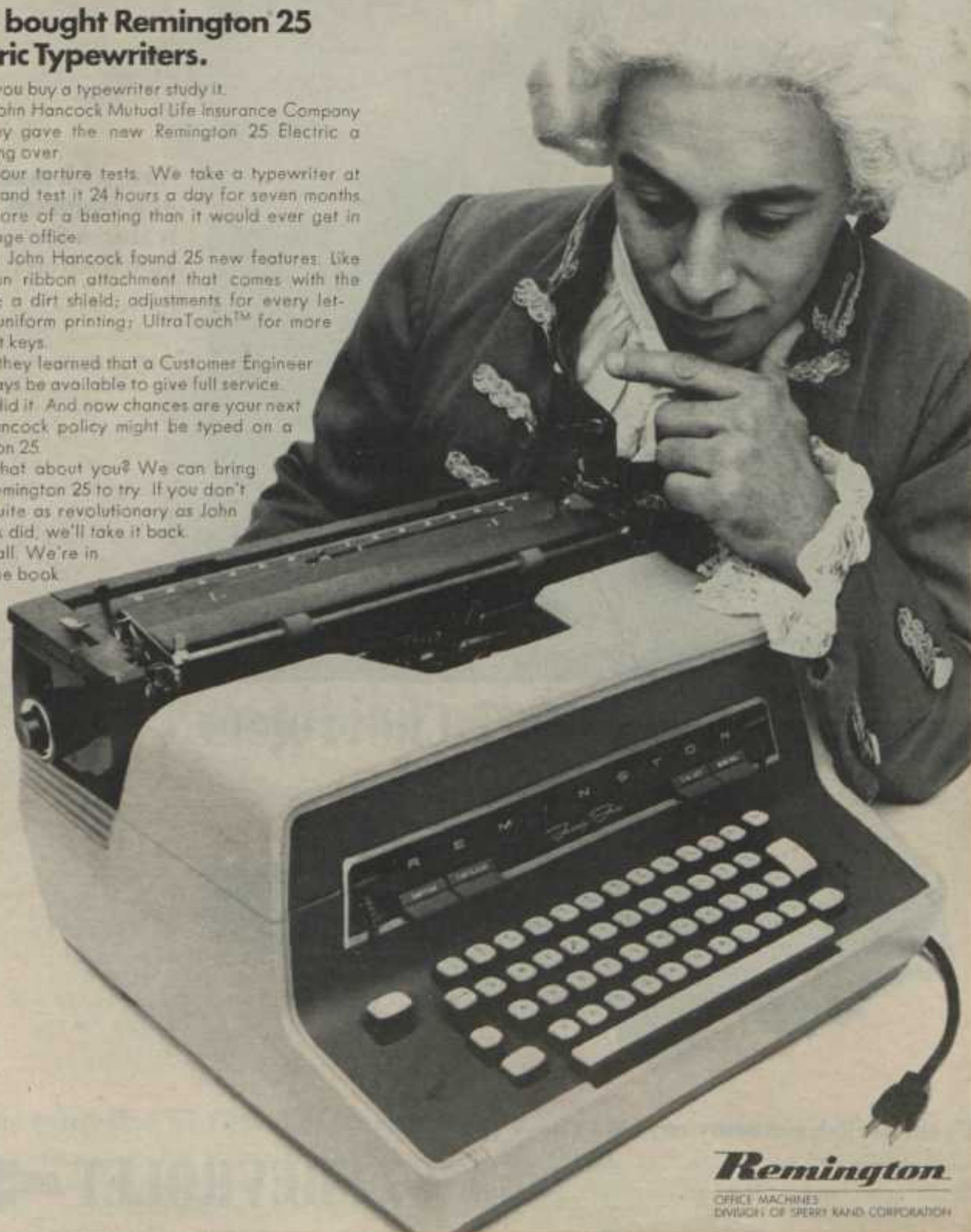
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OFFICE MACHINES
DIVISION OF SPERRY RAND CORPORATION

It's inhabited by human beings after all

BY PETER LISAGOR

To the freshman Congressman or legislative assistant or any other stranger who comes to Washington for the convening next month of the ninetieth running of the talkingest and sometimes most tedious show on earth, a word of advice: Don't be intimidated.

Once you're settled in, you'll find that most people in Washington are like yourself—from somewhere else. Many haven't gotten over their sense of impermanence, and though they have lived in the Maryland or Virginia suburbs, or even in the city itself, for a decade or two, they would have you believe they're on alien soil.

But don't let this fool you—quite a number of these people are posturing; they couldn't be dislocated with dynamite and would consider a return across the Alleghenies or Smokies as banishment into a prideless exile.

For they've been smitten with a dangerous bug—of which beware—commonly known as "Potomac fever." It is contracted not from the polluted miasma of the Potomac River but from inhaling the intoxicating exhausts of power.

You will soon discover that Washington is a city where everything is magnified—or perhaps intensified is the better word—until shadow and substance, reality and illusion, get all mixed up into one gigantic blob, and only the working humorists (such as Art Buchwald and Russell Baker) achieve any clear focus or coherence.

Official Washington differs from the rest of the city in that it is more of a condition than a physical entity and is bounded on the north by compromise, on the south by contention, and on the east and west by barricades of power interlaced here and there with comfort stations for those being called back to smaller purposes by disapproving voters.

• • •

This is President Johnson's Washington. He doesn't exactly own it, but he dominates it. Under

Mr. Lisagor is the White House correspondent for The Chicago Daily News.

most Presidents, the ringing of a telephone by the White House causes a certain quickening of the tempo in other departments and agencies; under LBJ, word that the White House is calling produces a low tremor and has been known to induce a form of catatonic shock on the other end of the receiver. But strong men survive. Some do it by rushing to the first available cocktail party, where they can fortify themselves and find commiseration with others who may have had the same experience.

In Washington, the cocktail party has an institu-

PHOTO: CHARLES WORE-SLACK STAR



Some, such as Mrs. Javits, see Washington ways as provincial when they differ from their own customs.

tional quality. It is an arena for doing business, for gossip, maybe even for a bit of espionage and of course for a certain desperate conviviality. With more than a hundred foreign embassies vying for attention and favor, an aggressive party-goer can eat and drink out almost every night of the week if he has the stomach for it.

Washington is not a citadel for cuisine, being long on private dinner parties and short on memorable public eating places. A latter-day Duncan Hines would be hard put to list a dozen topflight restaurants, and in neighboring Virginia and Maryland, a finicky palate is doomed to disappointment. Vir-

TRENDS: WASHINGTON MOOD

ginia's problem is that liquor can't be sold by the drink, and restaurateurs claim you can't make money on food alone; hence the quality of the restaurants suffers when superb food cannot be subsidized by liquor profits.

Official Washington concentrates on one conversational topic, in the main: politics. It developed a mild cultural flair during the Kennedy years, and this has been nurtured a bit in this Johnson period, but not much. The Kennedy Center of Performing Arts, now being built along the river in Foggy Bottom not far from the State Department, may stimulate the arts. But whether it will rescue the city from the snide attacks of its critics, notably those in New York, is questionable.

Last summer, a Senator's wife, Mrs. Jacob Javits of New York, kicked up a storm when she revealed on a television program that she didn't like Washington, spent as little time as possible here and pitied those poor wives who had to live in the federal city. "It's a provincial city," she declared. Others, like Mrs. Javits, also believe that the capital's social life, with its heavy emphasis on the mass receptions and cocktail gatherings, is stultifying and dull. They also feel that, with but one major legitimate theater, the town is culturally stunted, although it has a fine symphony orchestra and some of the best art galleries in the world.

The physical city, like many others in the nation, is both beautiful and squalid. Its broad avenues, the verdant Mall that runs from the Lincoln Memorial to the Washington Monument and on to the Capitol, the small city parks, the lack of industries belching smoke and cinders into the air—all combine to make Washington into one of America's loveliest cities. But the so-called inner city, with its dense Negro population, its high rate of unemployment, its sense of slow reward, is as bleak and unpromising as any. Its slums are no better for being part of a proud capital, and some sensitive lawmakers undergo spasms of conscience about the ghetto conditions.

Despite the efforts of some to picture Washington as the center of an alien power, out of touch somehow with the American hinterland, it is not greatly unlike New York and Chicago and Los Angeles in many human aspects. It has its Beats, those bearded nonconformists and idlers who stalk Dupont Circle and the brassy joints along M Street in Georgetown, and more guitars are sold here than cellos or zithers, the instruments usually associated with foreign embassy personnel.

Its local newspaper columnists and radio talk jockeys advertise for lost dogs and cats, much as they do in the provinces; radio traffic reports guide motorists to and from home during the rush hours. There is one difference on traffic, though. For unexplained reasons, rain ties up traffic here worse than anywhere else in the country, and a few flakes of snow virtually immobilize the city.

It is a fair guess that Congressmen and reasonably high level officials in the government know little of the city beyond their immediate neighborhoods in the suburbs or in the northwest and newly developing southwest sections. It has been suggested that President Johnson would get lost in Georgetown if he were to stroll those charming narrow streets, and that over his 30 or more years in the capital, he probably knows less about its physical side than a curious sophomore Congressman. Power isn't measured by how much you know of the book stores and beaneries and movie theaters in town or by whether you're up to date on the coming attractions at Constitution Hall.

Until and unless it manages to achieve home rule, its rulers will be men from somewhere else, chairmen of the powerful District Committees and subcommittees of the House and Senate.

• • •

There are some nostalgic souls who believe that Washington has lost its flavor and a good deal of its character because Congressmen and their families are now spending most of the year here. In the not distant past, they came in the fall and were home by summer, and thus were said to have kept their roots in Indiana, Louisiana, Oklahoma, Idaho and Texas firm and fresh. They were then truly transients, and mainly did their business here while they maintained their homes in their districts. The kids were kept in school back home, and the wives visited here occasionally but never really uprooted themselves.

Because they spend more time in Washington now, these nostalgic critics claim, they have abandoned their regional identities, even accents, and no longer reflect the parochial uniqueness of their home states and districts. The trouble with this criticism is that the big hats, the string ties, the flowing collars, the unruly hair styles—and other symbols of regionalism—have gone out of style back home. Radio and television have diluted the accents and given them a sad uniformity. American society itself has become, in many ways, homogenized.

It is not so much that the city of Washington has changed, but the nation as a whole has experienced a transformation. Television alone has nationalized humor, dialects, habits and modes of behavior, to the point that the colloquial character is a novelty in almost every place but the inaccessible hills.

For what differences of region there are, Washington continues to be a fairly faithful mirror. It has its own rituals, of course, most of them political in nature, such as the big political party dinners for raising money, the annual banquets of the state societies, press organizations, lobbying groups, the annual convoking of the Congress and the State of the Union addresses.

But scrape through the starched shirt front, get behind the inflated sense of self-importance that comes with a familiarity with power, and you will discover a fellow from Iowa or Oregon or Georgia, still a little awed by it all, maybe confused, even lonesome, but unwilling to swap his place for anything else he knows. In the end, you'll find a fellow pretty much like yourself. So don't be intimidated.

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And at times Avis is no exception. A shiny new Plymouth with mud in the trunk or a spare tire with no air in it makes a liar out of Avis ads.

We can't police all the other advertising in this country. But we can live up to our own.

In our next ad we're going to promise customers that we'll get the rental form filled out within 2 minutes.

You can do it, girls. You've been trained to.

Let's see if we can keep Avis ads honest.

What makes integration work

BY FELIX MORLEY

With the approaching Christmas holidays we shall be half-way through a school year in which almost \$50 billion will be spent on the education of over 55 million young Americans, from kindergarten through college. Both in enrollment and expenditure by far the largest part of this enormous undertaking is in the public schools, which have decisive influence in training for the national future.

Except in the deep South there is this year, for the first time, a generally complete desegregation of these schools. Therefore it is now becoming possible to draw some preliminary conclusions as to the educational, rather than social, significance of this development. Nothing substantial will have been accomplished unless the children of the country, both white and Negro, become better citizens as a result of the merger of their schooling.

• • •

The Supreme Court decision to this end, in 1954, was based on evidence that "separate but equal" in effect meant separate and inferior schools for Negroes. Therefore segregation was deemed discriminatory. But the charge of inferiority brought against Negro schools itself suggested that desegregation might lower the general educational level for white children, at least for a period of some years.

That this is a lively fear is shown by the sharp increase in private school enrollment wherever integration is a novelty. On the other hand, most of these private and parochial schools now admit numerous Negro children on their tested competitive ability, showing that the easy charge of inherent racial inferiority is as hard to sustain in the classroom as it is in big league baseball.

This argument, in turn, is countered by saying that desegregation is made more difficult for the public schools when better trained Negro children are diverted from them. They are then left with the disadvantaged, especially in slum areas where *de facto*

segregation continues because of racial distribution.

The extent of this disadvantage is illustrated by Defense Department statistics showing that between June, 1964, and December, 1965, the national rate of failure on armed forces acceptance tests was 67.5 per cent for Negroes as against 18.8 per cent for whites. Analysis of these figures by prominent educators shows a close correlation between the gap in performance and the character of school training.

Poor preparation of Negro students is seldom attributed to inadequate school facilities. Educational deprivation in the home environment and ill-equipped Negro teachers are cited as the major factors in retardation. This ineffective instruction has been documented by northern colleges which have developed exchange programs, both for students and faculty, with southern Negro colleges. The University of Michigan has such an exchange program with Tuskegee Institute in Alabama. It has demonstrated that "the motives of northern white teachers are often regarded [in the South] with much suspicion."

This suspicion unquestionably roots in the fear that Negro teaching inferiority will be disclosed. It is a demoralizing factor which produces illogical manifestations. Thus a beautiful, brand new \$5 million intermediate school in New York's Harlem was riotously blockaded at its opening this year, for obviously contradictory reasons. Neighborhood parents demanded on the one hand that white children be bussed in to counter geographical segregation. Simultaneously they insisted that the popular white principal be replaced by a Negro. One who was pushed for arbitrary promotion admirably softened the controversy by saying: "I object to being chosen on the basis of color, not competence."

• • •

Because of ingrained social bias it is usually easier for a white teacher to instruct Negro pupils than for an equally competent Negro teacher to handle any but very young white children. So it is noteworthy that in much of the country, right through high school, bi-racial instruction is proceeding with educationally

Dr. Morley is a Pulitzer Prize-winning former newspaper editor and college president.

TRENDS: STATE OF THE NATION

acceptable results. Nowhere is more progress being made than in the quality of teacher training for Negro educators. They fully realize that desegregation has made their profession more competitive.

There is, moreover, another avenue of progress which seems the more promising because it was not anticipated. In literally hundreds of colleges, from ocean to ocean and from the Canadian border to the Gulf of Mexico, students have volunteered to give tutorial assistance to backward school children of the neighborhood. This easily supervised service gives excellent training to many who plan to enter the undermanned teaching profession. And in many recently integrated schools it has perceptibly improved the academic skills of children who were inadequately prepared for the changeover.

The racial merger of Parent-Teacher Associations



is also contributing, in a quiet way, to the educational success of desegregation. These groups provide forums for the informal but frank discussion of problems arising in particular schools, and often point the way to their solution. In many localities the community colleges have taken the lead in establishing periodic "workshops" concentrating on educational difficulties arising in integrated schools. Most school boards now include at least one Negro member who can dispassionately present the viewpoint of his race. And these boards are now generally in touch with the Human Relations Commissions which have local educational issues as an important part of their agenda.

Because their emphasis is all on peaceful and workable solutions these largely volunteer activities receive relatively little publicity. But in the aggregate they are doing much to make desegregation in the public schools educationally successful. To the extent that this is being accomplished it is almost wholly due to the heroic effort of countless individuals at the local level. Success was certainly not foreshadowed by the Supreme Court's declaration, in 1954, that "segregation . . . has a detrimental effect upon the colored children."

It is the habit of Washington to cloak ambitious policies in glittering generalities, then leaving it to the localities to take the rap. The grassroots, not the Capital, provide the men and money for Viet Nam. Similarly it is due to unsung heroes, of both races,

that desegregated schooling has now achieved a fair measure of success. The conclusion is that the local achievement results largely from local organization and volunteer endeavor, little if at all to arbitrary and even unworkable "guidelines" laid down by HEW.

• • •

In spite of all this local effort, however, it is still far too early for jubilation over the educational success of desegregated schooling. By two devices, now widely used in the public schools, the stubborn realities of the problem are concealed rather than confronted.

One of these devices is the "track" system, whereby students nominally in the same grade are divided into wholly separated sections according to reading ability or other academic proficiency. There may be as many as four of these tracks in a single class, composed at the top of those who are unquestionably college material and at the bottom of those who will need most lenient treatment if they are to remain in high school.

Naturally, because of uneven background and training, Track 1 is usually predominantly white and Track 4 predominantly Negro. And the tendency to assign Negro teachers to the lower tracks is also often apparent. Thus a structure of academic segregation is preserved even when the total enrollment may be racially quite fairly divided. There has been social but not educational integration.

Another instance of failure to achieve full integration lies behind the greatly increased emphasis on what is called computer-learning. It is argued that electronic advance has reduced the importance of the multiplication table and even the alphabet. Push buttons will do the job if Washington will provide the funds for "educational hardware," which it is doing lavishly.

This trend is being intensified by the poor educational preparation of many Negro students. If they can be trained vocationally for simple mechanical jobs, why waste time in teaching the three R's? The argument forgets that if basic education is neglected for part of a desegregated school, deterioration will soon affect the whole.

Here again military experience points the moral. Of those recently rejected by the draft as "functional illiterates," 75 per cent had finished eighth grade and 20 per cent were high school graduates. The blame for this sorry performance is laid by Secretary McNamara on "faulty education." Schooling that fails to make an acceptable soldier can scarcely claim to be training for good citizenship.

So desegregation has as yet not solved, but rather has disclosed, educational problems that heretofore have been largely ignored. And they are problems which will not be solved, though they may easily be aggravated, by demonstrations and disorders. Nor is solution to be found in further improvement of physical equipment already, in most parts of the country, ultramodern and even luxurious.

The greatest promise, evidently, lies in the unadvertised local effort which is confronting specific difficulties cooperatively, in what used to be called the American way.

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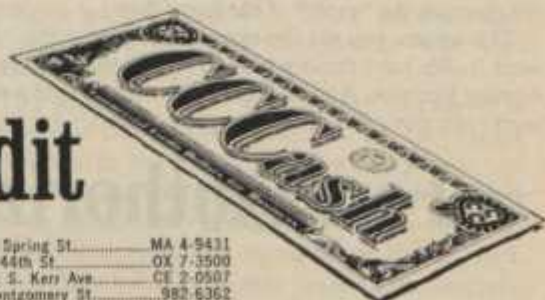
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Now that poverty practice has made us perfect...

BY ALDEN H. SYPHER

President Johnson promises to escalate his war against poverty to benefit all the nations in the world that are poor enough to qualify for our relief.

"The poor nations are on a road mined with potential turmoil," according to the Presidential analysis. "Poverty—and the hatred of poverty—can detonate those mines. The raging search and quest for bread may bring on the reality of chaos."

Poverty across the seas threatens our security at home, and could lead to military involvement, the President said. Impoverished nations, he added, are a fertile ground for communist exploitation—a ploy used effectively in the past by many foreign heads of state who have told us, sadly but wisely, that unless they got it from us they'd have to take it from the bad guys.

• • •

If officials of Botswana, Lesotho, or other nations old or new, have been too busy to contemplate the future of their lands as battlegrounds in a worldwide United States war against poverty, they need only to look at this country's recent history for a preview of what's to come.

Although far from poor, we've traveled the road described by the President. The mines have been detonated. The raging search has brought the threatened turmoil. The chaos has become reality.

So has military involvement. The National Guard has rolled into a number of American communities to help combat the riflemen, arsonists, knife-wielders, Molotov cocktail tossers and rock throwers among the searchers and the questers.

To attribute violence to poverty or to assume the search is for bread might be misreading the road signs.

The stages of this kind of war are quite clear.

First: The promise. It may be the product of good intentions, but its voice is political. It outruns immeasurably the ability to perform. It brings golden

hope to the hopeless, the forgotten, the disadvantaged, the disenchanted and the lazy. The words have wings. Somehow the promise becomes a crusade.

The poor become recognized. In the strong light of attention it becomes good to be poor and to some, even heroic.

Second stage: The bounty. A few benefit from it. Many do not. It fails miserably to measure up to



"Black power," mob shouts in Atlanta, where LBJ's antipoverty promises backfire against Mayor Allen.

the dimensions of the crusade. There isn't enough money in the world to fulfill the promise that was heard, if not spoken.

Next: The mutiny. There is little to indicate that this is anything but violent reaction to the Great Society's failure to carry out the promise.

But the politicians and administrators who created the situation could not possibly recognize such a result, nor could they afford to admit it if they did. Instead they invent a special new class in our society—those persons who carry on a sometimes violent, but always righteous battle against poverty.

The poor become the good guys. The fault of

Mr. Sypher, a lifelong journalist, is the former editor and publisher of NATION'S BUSINESS.

TRENDS: RIGHT OR WRONG

their impoverishment could not be theirs. So it must belong to some one else. The guilt falls on those who are not poor.

Next stage: Confusion. Extremely disappointed by the trickle they had hoped would be a flood, the poverty-stricken demand a greater part in the search for a path to the Promised Land, or at least more to say about how to divide up the money intended to finance the trip.

These are persons of experience and demonstrated expertness in being poor, but they have shown no skill at all in how not to be poor.

By political evolution they become the righteous people, and righteousness is a higher qualification in this field than ability. Anyway the tour guides are just as lost as their charges, so new faces appear around the council tables, the poorer the better.

• • •

This trading off of authority and responsibility appeals to others who have gained neither through their own endeavor prior to the Great Society.

Demands grow that police chiefs also give up some of their responsibility. Civilian boards are formed to review in finest detail some arrests. The cop on the scene knows he has to answer to more than one boss.

So cops become harder to find. Cities with woefully undermanned forces spend hundreds of thousands of dollars trying to recruit policemen slick enough to enforce the law so tactfully that everyone will be happy, even the violent. Serious crime increases eight per cent in six months.

In New York administrators were unable for a week to open a new \$5 million air-conditioned public school because parents brought picket lines and violence to gain by force another split in authority. They demanded the deciding voice in the hiring and firing of teachers, including the principal.

They almost got it. The superintendent of schools, apparently falling in with policies encouraged by the Great Society, was negotiating concessions to the picketing parents when the teachers let him and the world know they'd have none of that.

In the abandonment of older values, excellence was dropped as a requirement on the stage of Town Hall. Children beat banjos and shouted songs not because they were good, but because "young musicians deserve a forum." The program flopped. Reconstruction seems not yet complete.

In Chicago children were redistributing the wealth by charging other children 50 cents a day for safe passage to and from school, under threat of beatings.

• • •

In Washington, where President Johnson disclosed plans to escalate his war against poverty to foreign shores, local officials were, on occasions, stuffing the children of the poor with hot dogs, soft drinks, dance music and brotherhood. The hope was that this might keep them from showering rocks at police stations.

What occupied the parents of these exuberant po-

tential insurgents is not generally known. Public policy prohibits prying into the private lives of the poor. But they could not have been reading the newspapers, or they might not have been so impoverished.

While public funds and public speeches were being expended exhorting businessmen to provide jobs for the poor, the Sunday edition of a Washington paper contained 104 columns of help wanted ads.

Many of these were for jobs requiring skills far beyond the abilities of most of the poor. But many were not. For example: "Maids Wanted Will Train" offers a start in hotel work for nearly any female who does not consider any work a fate that is worse than death.

Unless he is too busily engaged in the raging search and quest for bread, nearly any jobless father might be intrigued by an ad headed: "Apprentice Meat Cutter Trainees."

It goes on: "An excellent opportunity to receive training while receiving regular pay \$101.21 per week in our stores in D. C. and nearby metropolitan area. These jobs provide liberal benefits and regular pay increases.

"We are interested in applicants who have a good background and are interested in permanent employment."

If background is a barrier, a man whose hatred of poverty is deep-seated enough could turn to the listings for janitors, drivers, laborers "(Apply on job ready to work)", or even "Bus Boys Wanted Will Train."

• • •

Mrs. Tillie Olsen may have difficulty carrying out plans based on a grant from another government agency, not connected with the antipoverty program.

Mrs. Olsen, mother of four daughters, is one of 14 novelists, poets and journalists awarded grants of federalized money ranging from \$6,000 to \$10,000 by the National Council on the Arts.

"I very desperately need secretarial help and this means I can also have household help, since the many necessities of daily life do distract one," observed Mrs. Olsen, a successful writer, on being told of her award.

She may have difficulty finding the household help she so desperately needs. Mrs. Olsen lives in San Francisco, another place where the mines have been detonated. Also, nearby Palo Alto will have one of several new schools being set up under a \$5.4 million program to teach higher skills to the poor, who will be even less interested in housework.

The heads of faraway states taking an anticipatory peek at the war against poverty in this country will note the fourth stage is endless.

Some of these potentates and the people they represent are not yet far from barbarism. These are simple people. Their thoughts run in straight lines, uncomplicated by the compound curves of civilization and federalism.

Having seen our performance, they may decide to conduct their own raging search for safe passage through whatever potential turmoil they may face.

Their most serious mistake would be to assume that since we've been there, we know the way.

If you hate to think that service is a lost art, we'd like to have you working for us.

There are men and women who prove every day that service still exists in this world. Ask them a tough question, you'll always get a thoughtful answer. If they don't know the answer, they'll always know where to find it.

People who've benefited from the services of Larry Andersen of Arcadia, California, know just what we mean. So do the clients of Isabel Sacher of Poughkeepsie, N. Y. And Bob Wolf of Pittsburgh.

And it's not just new clients who get the best these Equitable representatives have to offer. People who've depended on them for years know they can get service any time.

Larry, Isabel, Bob—all the 8,000 Equitable representatives across the U.S.A. — know that service is what they are there to provide.

And because they believe deeply in their work, they really deliver.

We need more people like these. As the demand for Living Insurance grows, we need more men and women who can offer the brand of service Equitable is known for.

It's not easy to become an Equitable representative. We demand a lot. But we offer a lot. The independence of being your own boss. The prestige of association with a vital leader in the insurance world. And the opportunity to become a leader yourself, in all phases of Living Insurance.

If this appeals to you, why not drop a line to Senior Vice President Coy G. Eklund at our home office? Or talk to a local Man from Equitable. Is service a lost art? At Equitable, it's never been more alive.

LIVING INSURANCE...FROM **EQUITABLE**

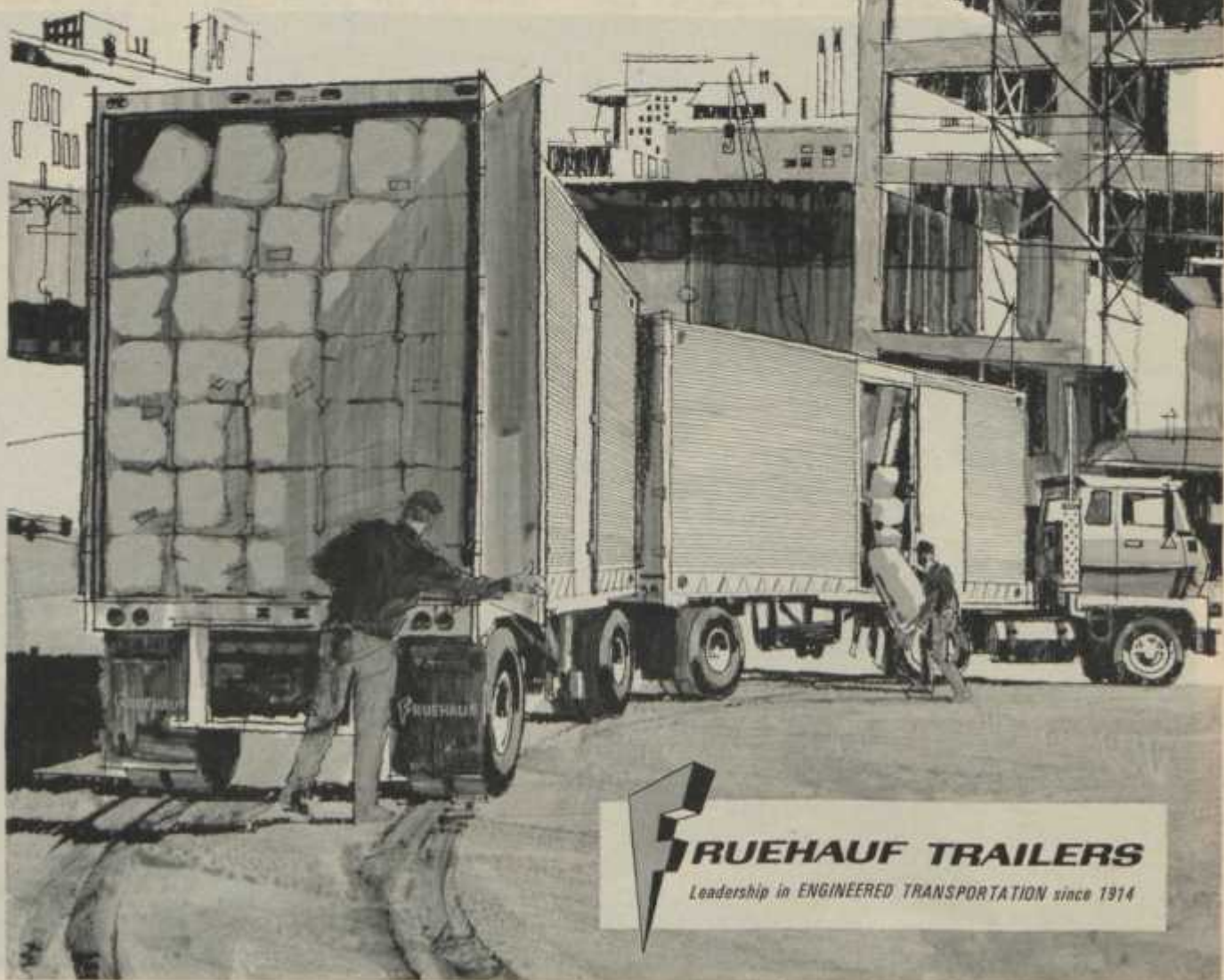


Payload goes up 30% with doubles ... and FRUEHAUF know-how adds another 16%!

"Our new 26-foot Fruehauf Volume★Vans, operated as a doubles combination, give us 12 more feet of running length than the 40-foot tandem axle vans we've been operating," states the president of a big motor transport company.

"That's 30% more cube," he continues, "and Fruehauf gave us even more cube on top of this by designing these doubles vans with a higher roof line—enough higher to permit us to load seven layers of cargo—instead of six—16% more payload!"

Your local Fruehauf representative is a transportation specialist. He'll welcome the opportunity to help you with your specific transportation problems. Fruehauf Division, Fruehauf Corporation, 10941 Harper Avenue, Detroit, Michigan 48232.



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Leadership in ENGINEERED TRANSPORTATION since 1914

BIG ISSUES IN THE NEW CONGRESS

A forecast by the leaders on Capitol Hill

Democrat and Republican leaders see the war in Viet Nam, a possible tax increase, federal spending, inflation and President Johnson's Great Society welfare programs as topping a long list of issues with which the new Congress must wrestle.

Impressive Republican gains in House membership bring a prediction from the G.O.P. Minority Leader Rep. Gerald R. Ford of Michigan, that "you are going to see a lot of legislation that has been passed restructured. You will see Congress return to its role as an independent legislative body."

"The main issue will be taxes," emphatically declares Rep. George Mahon, D-Texas, chairman, House Appropriations Committee.

"It is imperative," says Rep. Everett M. Dirksen of Illinois, the Republican Senate leader, that the new Congress "take a long, new look at our entire fiscal situation."

The leaders of both parties and influential committee chairmen forecast for NATION'S BUSINESS the big issues facing the Congress.

To Russell B. Long of Louisiana, the Senate Democratic whip, these issues will be "the problems of

prosperity." Because many of the President's welfare programs passed the House by margins of only 5 to 27 votes, predictions are that the Great Society is headed for trouble.

"I believe the antipoverty program is on probation," Sen. Dirksen says. "I think I express the convictions of many that unless results are more impressive than they have been, it will be necessary to do a revamping job."

A new battle of the budget

Rep. Mahon feels "you will have a battle on spending." He warns "when people get money from Uncle Sam, they want more. The great emphasis for several years among people and Congress is 'What can we get?'"

Rep. Ford also feels spending will be an issue and Sen. Dirksen calls "for a new look and definite action on the question of the constant intrusion of the federal government and federal power into the affairs of the citizens, of business and industry."

Newly elected House members such as Wiley E. Mayne, a Republican from Iowa, think a slow-

ing down of domestic spending is a must while the U. S. is in a shooting war. He is one newcomer who feels a "tax increase is becoming inevitable."

Another, William L. Scott, R-Va., says the "election results are a strong message that the American people want a reversal of the trend toward intervention by the federal government in purely local, state and private affairs."

Sherman Lloyd, R-Utah, says, "We've definitely been overspending domestically in the past. I'll wait and see what the proposals are in the new budget."

The first Republican ever elected to the Senate by popular vote from Tennessee, Howard G. Baker, told NATION'S BUSINESS inflation and tight money are important secondary issues to Viet Nam.

Republican Gilbert Gude of Maryland's new Eighth District opposes any tax increase, thinks the new Congress should spend its time "evaluating" legislation passed in the Eighty-ninth.

For this forecast, NATION'S BUSINESS also talked with Mike Mansfield of Montana, Senate majority

BIG ISSUES IN THE NEW CONGRESS *continued*

leader; House Speaker John W. McCormack of Massachusetts; Thomas H. Kuchel of California, Senate Republican whip; Rep. Wilbur Mills, D-Ark., chairman of the House Ways and Means Committee, which must pass on taxes and much welfare legislation; and Sen. A. S. Mike Monroney, D-Okla., chairman of the Senate Post Office and Civil Service Committee which passes on federal pay increases.

The Democrats retain control of both bodies, but their wide margins of the past two years have been shrunk.

When the gavel bangs the Ninetieth Congress into session Jan. 10, the Senate will have 64 Democrats and 36 Republicans; the House, 248 Democrats and 187 Republicans.

"Viet Nam will be the overriding issue," Sen. Mansfield says without hesitation.

Most of the other leaders agree—many of the decisions the next Congress makes will be shaped by events in Southeast Asia. Speaker McCormack underscores one point.

"You have to look at the world situation," and, in viewing the field of foreign affairs, predicts "Red China will be around with challenges for many years."

Rep. Mahon foresees the Ninetieth concerned with "pocketbook issues."

The tall, soft-spoken Texan asserts: "The unacceptable level of inflation is worrying people."

The increasing cost of the war in Viet Nam, as well as inflation, poses for the Ninetieth one of the biggest questions: Should it raise taxes?

"I don't want to be raising taxes unless we make up our minds what we will spend them on," Rep. Mahon declares. "I want a legitimate and bona fide effort to curtail appropriations."

But, the chairman of the House Appropriations Committee comments wryly, "There is no ground swell among people for economy."

He believes "people are not conscious of taxes. They are withheld. They never see them." But the size of the supplemental budget re-

quest by the President could very well "shock Congress, shock the people into reality" as to what the war in Viet Nam is costing and thus point up "need for restraint" in other spending.

"You now have \$58 billion for defense," Rep. Mahon notes. "Add \$10 billion and you have \$68 billion for defense."

He also points out that the House and Senate had time and again voted to authorize funds above what the President had asked.

"The President," Rep. Mahon tells NATION'S BUSINESS, "has unleashed the Great Society. Now he's trying to curb it. The President has shown much more restraint than Congress."

Senators Mansfield and A. S. Mike Monroney (D-Okla.), an influential member of the Senate Appropriations Committee, used identical words on the issue posed by rising war costs.

"We must face up to it," they say.

There is growing sentiment in Congress for a cutback in federal spending, particularly if taxes increase.

"If there is a Presidential call for higher taxes," Rep. Mills vowed, "there will have to be a reduction in spending. I don't believe you could get it through Congress without that."

Rep. Mills' committee, and the Senate Finance Committee, headed by Sen. Long, must approve any tax measure, as well as social security, medicare, medicaid and other relief-type bills.

"If there is one, it will be the first since the Korean War," Rep. Mills says when questioned about the possibility of a tax increase. "We have had adjustments since then, but no general increase."

He warns that if the President's supplemental budget request "runs as much as \$10 to \$15 billion, you would have to have a tax increase."

Because of the prospect of a tax boost, and new proposals to expand

The new Congress faces a battle over spending in the view of Rep. George Mahon, chairman of the House Appropriations Committee.



Viet Nam war, problems of prosperity are among biggest issues Congress will face. That's feeling of Sens. Russell B. Long (left) and Mike Mansfield. ▶

Big Republican gains in House membership mean return of Congress to independent legislative role in view of GOP leader Gerald R. Ford of Michigan



PHOTOS: GEORGE TAMES

social security benefits and medicare, much of the Congressional spotlight will focus on the House Ways and Means and Senate Finance Committees in the 1967 session.

The job of ramrodding the President's proposals will rest again on the majority leadership—Sen. Mansfield, the gentle former Montana history professor, Sen. Long, the ebullient Senate whip, Speaker McCormack, House Majority Leader Carl Albert (D-Okla.) and House Whip Hale Boggs (D-La.).



The Republican Senate leadership is Messrs. Dirksen and Kuchel and, in the House, Reps. Ford and Les Arends (Ill.).

As always the progress of much legislation will be determined by the committee chairman, and some veteran fixtures will be missing from this lineup in the new Congress.

In looking ahead, Sen. Mansfield agrees there will be a new call for cutbacks in spending, but whether and where these can be made, "again, you will have to see what the situation is at the time."

"The field for cutting is not as broad as some think," Sen. Monroney warns, though he expects there will be pruning.

Specter of controls

To Sen. Long, the alternative to a cutback in spending on some programs is "the need for some sort of controls. Not stringent controls, but perhaps controls on credit like Regulation W in the Korean War."

The Louisiana Senator feels the "problems of prosperity" he sees the Congress facing are in marked contrast to "two years ago, when we had to stimulate the economy."

One of the issues he feels will

If taxes go up, spending must go down, vows Wilbur Mills, boss of influential Ways and Means.

be high on the Congressional agenda is high interest rates.

"I'm bitterly opposed to high interest rates," he declares. "If you make money easier to get, it will be fairer to the rank and file."

As for welfare legislation, Sen. Long says this is still a matter of conjecture.

But President Johnson has already said he wants a 10 per cent boost in social security benefit payments, expansion of the program that now covers 22 million persons and widening of medicare.

Expansion and higher payments under social security undoubtedly will be voted by the Ninetieth Congress. Spurred by a pre-election fever, an immediate eight per cent increase in benefits was talked about even before a decision was made not to try this in the waning days of the last session.

Your social security tax rate goes to 4.4 per cent of the first \$6,600 each employee is paid starting in January. Another boost, possibly to 4.5 per cent on the first \$7,800 of pay, is likely to finance a 10 per cent increase in benefits.

Rep. Ford foresees a "replay of this Congress" in its push for Great Society programs. If there is not, he claims it will only be because of a strengthened Republican membership.

"The administration will be back
(continued on page 77)



In scene typical of rush toward adjournment Senators and staff assistants dart hurriedly in all directions near Senate hearing room.

PLAYING FAST AND LOOSE WITH DEMOCRACY

This chronology of confusion and crush



"During these closing days of this session of the U. S. Senate, may pressures be met with intellectual and spiritual insight through Thy presence working in the lives of our leaders," the minister intoned in the opening prayer.

It was 11 a.m. Wednesday, Oct. 19, 1966. Boyish-faced Sen. Frank Church (D.-Idaho) was presiding in the absence of Vice President Hubert Humphrey, who was out campaigning for the re-election of Democrats.

The need for Divine guidance in the crush of last-minute lawmaking was visible to Rev. Edward Lewis although only a handful of Senators were on hand. In the House of Representatives across the Capitol there were like pressures for adjournment.

Here it was only 20 days before a third of the Senate and all of the House would face the voters.

Perhaps it was too much to ask campaigning Senators and Congressmen to remain in Washington risking political futures while their opponents were making hay in the hustings. After all, much of the Great Society program sought by the Johnson Administration was already signed, sealed and delivered.

But there was still pending a mass of legislation on

Senators break from a House-Senate conference after throwing together tax bill in waning days of session.



House and Senate conferees meet in final hectic week to hammer into shape the last of the Great Society proposals before quitting. Rep. Adam Clayton Powell is shown immediately left of upraised document.

shows dangers of last-minute lawmaking

which action would be taken, for good or evil. The second session of the Eighty-ninth Congress groaned on.

In this final week of Congress the absentee record reached disturbing proportions. At times neither house could muster a quorum. When the demonstration cities bill cleared the Senate on Tuesday, Oct. 18, that was the signal for many to hit the campaign trail. This measure supplied a variety of handouts to selected cities.

On the day before, the man largely responsible for keeping Congress here—President Johnson—departed for his Asian summit conference.

Congress was impatient and indifferent. An uneasiness hung over the two ornate, high-ceilinged chambers. Debate was spiced with rancor. Tempers were worn short. In the House, Rep. Arch A. Moore, Jr. (R.-W. Va.) accused the Senate of reneging on an agreement to clear a bill he wanted passed. He warned he would object to any Senate bill which came up under the unanimous consent procedure.

This he did as bill after Senate bill came off the consent calendar for floor action. After this two-day seige the Senate capitulated and Rep. Moore withdrew his one-man blockade.

Breakneck speed was more the order of the day. On this one Wednesday the Senate zipped through 49 bills and conference reports, disposing of such major legislative items as the \$6.1 billion school bill,

the controversial packaging and labeling measure and a law affecting narcotics addiction.

The House that day acted on 32 measures, had five quorum calls (each requiring about 45 minutes), set up an ethics committee, voted the new committee money to operate and authorized a plethora of privileges for its other working committees. The House even found time to clear up its own logjam of franked mail. (One member audaciously suggested most of the piled-up mail was really political campaign material to constituents, but this was vigorously denied.)

As the action accelerated on both sides of Capitol Hill, with legislative documents flying in every direction, understandable confusion reigned. The future would tell how much faulty legislation slipped through Congress in the final, frenzied days before adjournment. Members would ask themselves again, as in the past: Isn't there a better way to close a session?

Chairman George Mahon (D.-Texas) of the House Appropriations Committee, for example, was forced to bring to the floor a catchall supplemental appropriation bill containing funds for the education and poverty programs while legislation designed to authorize them was still tied up in a House-Senate conference commerce. Since authorization normally precedes appropriation, Rep. Mahon found it necessary to seek special

(continued on page 88)

What to do when the union knocks



Second in a three-part series on how you can handle the new challenges of labor organizers

Sometimes it's a phone call. Sometimes it's a registered letter on the stationery of a labor union. Sometimes it is a knock at your door that brings the official word that a union has decided to challenge you.

When it happens, the businessman who is inexperienced in dealing with large, powerful unions is apt to become fearful. He may envision a future of picket lines, rock throwing, overturned trucks, production shutdowns, shrinking profits.

His natural reaction is to blast back, "This is my

Associate Editor WALTER WINGO, the author, specializes in labor-management affairs. The first article in his three-part report appeared in the November issue. Reprints are available.

business. I built it. I won't let you destroy it!"

The danger, if you find yourself in such a situation, is the temptation to do something rash—such as grilling your employees about union activities, or bestowing eleventh hour benefits on them or even indignantly firing a union leader.

Once a union has officially declared that it wants you to bargain with it, you must be doubly careful—for legal reasons—in every move you make involving your employees.

"You're like a convoy threading through a mine blockade," comments Guy Farmer, former general counsel for the National Labor Relations Board (NLRB), the federal agency formed to carry out the Labor Management Relations Act.

You can't be absolutely sure when you're making a

You will want every member of your management team to be aware of every step that you take to put your company's position before the employees.



DRAWING BY MARVIN FRIEDMAN

move that could bring on unionization. The NLRB has laid out a tortuous, vague and sometimes nearly impossible legal route for the businessman threatened with union problems.

If the organizer calls

No matter what form the official notice takes, it usually will contain three elements:

- A claim by the union that it represents a majority of some group, perhaps all, of your employees.
- A demand that you recognize the union as the exclusive bargaining agent for that group.
- A request that you meet with the union representatives to set a date for negotiating a labor contract dealing with wages, hours and work conditions.

If the union representative phones or visits you,

labor lawyers warn, don't engage in a lengthy discussion with him. Most union organizers have been at their job many years and are pro's in manipulating such conferences. They usually try to get the employer to make statements or take actions that will later prejudice his case in the eyes of the NLRB, which many experts consider already biased toward unions.

Tell the union man you want to consult your labor relations adviser before taking a position. Ask the union organizer to put everything he has to say in writing and mail it to you. Be polite, say the experts, but be businesslike and firm.

Contact other employers in your area to find out if the union's campaign is widespread or if it is directed specifically at you. Exchanging information with other employers could turn up valuable facts: if the union's campaign is general in scope.

Contact a good labor lawyer right away. The ground rules in labor relations change daily and are well trapped. Labor law is highly specialized and labor lawyers are highly paid. As the campaign proceeds, you will need expert guidance tailored to your specific problems both in planning your strategy and in defending your cause at NLRB hearings.

Get the facts

You will need to muster information on the union that has challenged you. Write your trade association. A study of recent NLRB decisions can give you further background on the union and its tactics.

Talk to other employers who have had dealings with the same union. See if they still have any literature that the union used in former campaigns. Find out how the union operates in other firms and especially where it has failed to live up to its promises.

Once you have the union's formal letter in hand, your attorney undoubtedly will advise you to answer it quickly. In your reply, he'll probably want you to state the following:

- Your belief that the union does not really represent a majority of the employees (because so often it doesn't).
- Any doubts you have concerning the appropriateness of the collective bargaining unit sought by the union.
- Your denial of the union's request for recognition until it has legally (*continued on page 74*)



Where government can cut spending

A Nation's Business interview with
the Comptroller General of the U. S.
who audits the government's books

Federal spending is drawing concern from all sides. For some this may be no more than a passing interest. For the U. S. General Accounting Office it's a constant job.

The GAO looks at a broad spectrum of federal activities in the interest of economy. Savings of more than \$10 million a year, for example, are being achieved by the military services because GAO recommended that excess Army beds be used by the Navy and Air Force rather than disposed of.

The agency recently told Congress it believes millions of dollars a year can be saved by consolidating the separate recruiting organizations and facilities of the four military services, and that hundreds of thousands of dollars can be saved if the U.S. will use more of the foreign currencies it owns abroad.

Created in 1921 to watchdog government expenditures, the GAO audits agency accounts and transactions, passes on the legality of expenditures and settles claims by and against the government.

It will administer the new law that allows taxpayers to funnel \$1 of their income tax liability into a Presidential election campaign fund.

Some lawmakers want to strengthen GAO's hand in budget evaluation and have lobbies register with it rather than with the House or Senate.

In fiscal year 1966, the GAO figures it saved more than \$130 million, \$40 million of which will recur in future years. But more important than the specific dollar savings is the discipline and incentive the GAO provides for more prudent expenditure of public funds throughout government.

The GAO practices the economy it preaches. In the past decade of generally burgeoning federal payrolls, it has cut its own staff by 25 per cent.

Our audits "don't just make sure the figures add," says Elmer B. Staats, who as comptroller general, heads the GAO. "They see that the job gets done the way Congress intended: effectively, efficiently and economically and within the laws enacted by the Congress."

Mr. Staats moved into the top job at the accounting office last spring after serving as deputy director of the Bureau of the Budget under four different Presidents. At the swearing in ceremonies, President Johnson said he had full confidence that Mr. Staats would serve all branches of the government without "fear, favor or fuss." Mr. Staats is having no problems with the first two, but he doubts that a comptroller general can do his job without some controversy.

NATION'S BUSINESS interviewed Mr. Staats to get an insight into where savings can be achieved and what course he is charting.

Mr. Staats, what are the major causes of waste in government?

There are many causes—many of them common to both industry and government. In my experience, waste arises in most cases not from deliberate or willful desire to waste funds, but rather from failures—failure to introduce economical ways of performing a particular job, from poor supervision, from poor contracting policy, including failure to obtain competitive bidding when competitive bidding is feasible. It can also result from poor information as to costs being incurred. This is one of the reasons we stress the importance of cost-based budgeting and adequate financial management and reporting for all agencies.

(continued on page 48)

New ways to bigger profits

Thousands of retailers are improving their financial statements, sales analysis and inventory control with new data processing

Rogers Department Store of Snyder, Texas, in 1960, had sales of \$337,000—its best year yet—and lost \$1,790. Until last year, Rogers just about broke even, year in and year out.

But last year profits rose to \$9,600. And this year, T. Jay Rogers, president, expects profits to exceed \$18,000. Electronic data processing has made the difference.

Mr. Rogers says, "I knew I needed more current, detailed information. But I didn't know how to get it at a price I could afford—until I learned about data processing."

"With the information I receive now, I buy what is selling and what is profitable. I have quit the vicious circle of running big markdown sales to raise money quick to pay bills and buy new merchandise. Our profits are the measure of the improvements data processing has enabled us to make."

For most small retailers, the need for more information is not so dramatically clear. Without a pressing problem, they feel no need to change.

Robert Bell, a Bradley, Ill., hard-

BYRON L. CARTER, the author of this article, is Assistant Vice President, Retail Systems Division, National Cash Register Co. He has just written a new book on this subject, "Data Processing for the Small Business."

ware dealer, moved to a larger location. Business fell off, as he had expected, but it stayed off too long and he really began to worry. He asked the Illinois Retail Hardware Assn. for help with financial statements through data processing. An audit was made, he subscribed to a data processing service, and he found his daily life significantly changed.

Where he had been spending hours during the day, at night after the store had closed and even on Sunday, keeping his books up to date, he now had to spend only two or three hours a month to supplement the data processing reports. He had much more time to act as a merchandiser. He was able to price items individually instead of using a straight percentage markup to save time. He was able to spend more time on displays and advertising and floor space allotment.

His business improved; his profit percentage rose and he had a sense of freedom he had not known for years.

What is data processing?

Electronic data processing is a high-speed method of organizing large volumes of random information into a meaningful format.

Almost every retailer participates in a large number of transactions which obscure his knowledge of his business. Without time-consuming, costly research, he cannot tell who

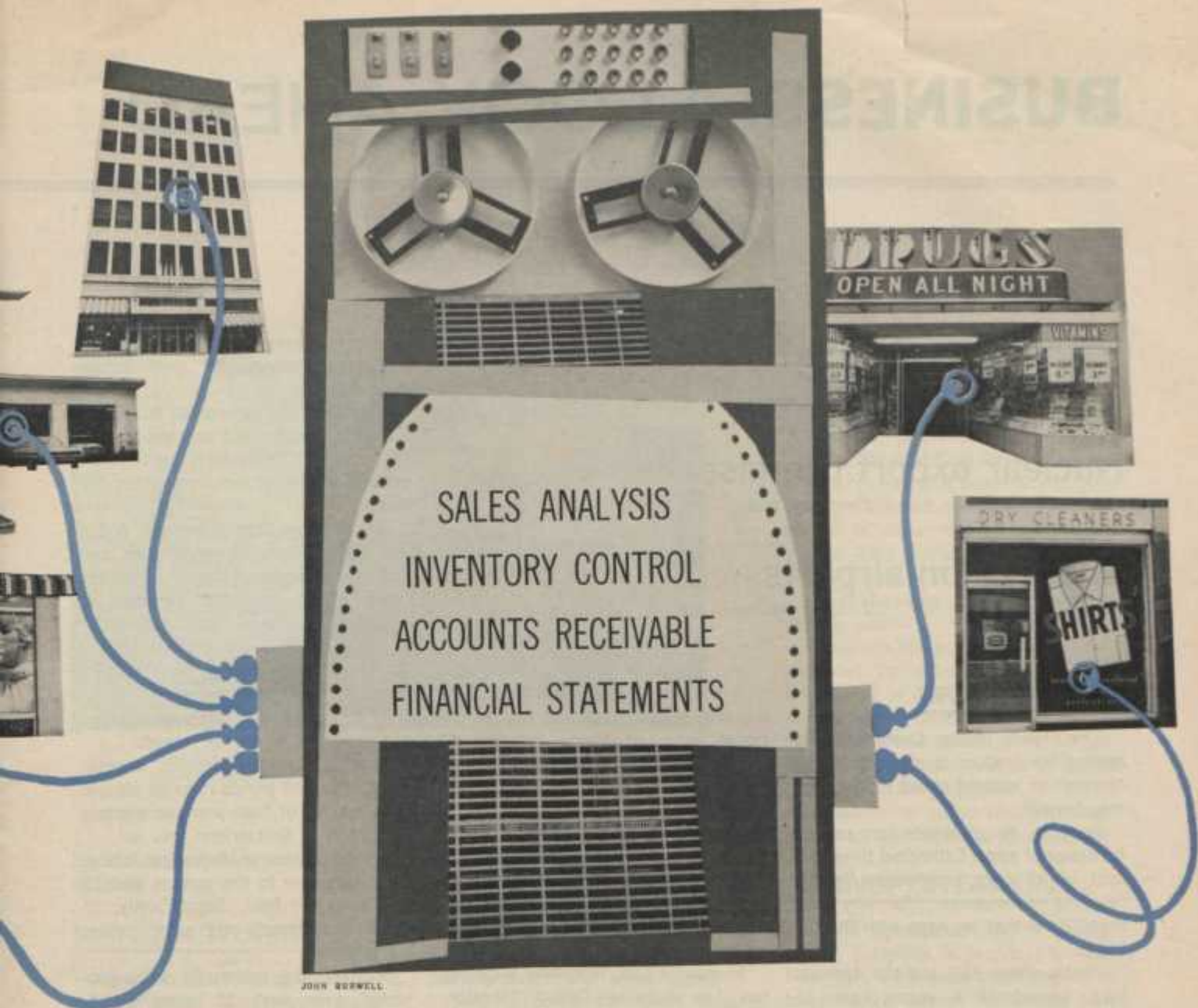
his most effective salesperson is, who his most profitable supplier is, which summer items sell best in May and which in June or which customer has recently started to let his payments slide.

This obscurity has always been a part of the business. Most retailers are accustomed to it. Their competitors have always had the same problem.

Now, these conditions are beginning to change. The larger retailers are using data processing techniques to develop sophisticated reports which provide the answers to thousands of important questions. They are using these answers to fit their stores to the needs of their customers. And the customers are rewarding them with increased business.

Not that the customer recognizes the store that uses electronic data processing. But the customer does





patronize the store that has competitive prices, the style and color he wants, that is open when he wants to shop, that has efficient salespeople, that advertises and displays the most attractive merchandise. The retailer who operates such a store is the one who has the answers that data processing provides.

Many data processing centers are providing services to retailers at prices in line with the benefits received.

How a data center works

The data processing center buys or leases processing equipment. It then applies it to the problems of others for a relatively low fee, usually based on the volume of data handled.

The centers may be independently operated or sponsored by proc-

essing equipment manufacturers, banks, universities, national associations, wholesalers or companies with processing time to spare.

The practicality of these centers is demonstrated by their number. For example, 189 are listed in the Yellow Pages for Manhattan, 15 for New Orleans, 20 for Minneapolis, 43 for San Francisco and two for Sandusky, Ohio. There are well over a thousand in the U. S. and Canada, with a new one opening every week.

Centers tend to concentrate on special areas of interest to make full use of staff members' experience. Some prefer highly technical engineering problems; others specialize in handling processing overloads for large corporations. Many are interested in retailing applications because the retailer lives with the two conditions which mark the

potential user of processing services:

1. He generates large volumes of unorganized data.
2. He needs current information to make accurate decisions.

Several national retail associations have recognized the potential data processing holds for their members and are participating in the development of generalized systems.

The Smaller Stores Division of the National Retail Merchants Assn. has an authoritative manual on data processing which states that "retailers who use EDP (electronic data processing) can expect many advantages, such as timely reports, style and vendor analyses, increased sales, lower inventories through realistic trend forecasting, greater customer satisfaction, fewer clerical employees, better return on

(continued on page 95)

BUSINESS: A LOOK AHEAD

Eggs and the AEC

(Agriculture)

Nuclear export promise

(Foreign Trade)

Squeeze on airports

(Transportation)

AGRICULTURE

The Atomic Energy Commission is getting involved in laying eggs. And housewives worried about food prices may benefit.

Goal is to eliminate or reduce breakage of eggs. Estimated three per cent of all eggs are broken before reaching consumers. So why not breed hens that lay eggs with thicker shells?

That's where AEC and the Agriculture Department's researchers at Beltsville, Md., come in. Agricultural engineer Paul E. James has helped adapt an atomic device now used to measure such things as tobacco fill in cigarettes, plastic coating on wire, thickness of metal plating.

Called beta backscatter gauge, device fires rays at egg shells, measures those that bounce back. Difference between what bounces back and what passes through measures thickness.

Trick is to measure thickness of egg shells laid by various hens, use hens that produce thickest shells for breeding stock. "We can breed just about anything we want to these days," says USDA spokesman.

CONSTRUCTION

People are looking. What's more they're buying. And more are expected to.

A somewhat improved picture for housing sales is forecast by the National Assn. of Home Builders as its "buy now" campaign hits full stride late this month and early January.

"Our picture has been a pretty glum one until recently when we decided to do something about it ourselves," says an NAHB spokesman. "In the long run I think our effort will be very effective."

In many cities, including Washington, Los Angeles, Dallas, Houston, Tulsa and Minneapolis-St. Paul, member associations are pushing the idea that home purchase is still a good buy in inflationary times, despite high interest.

As a result, more people are coming out to look at homes and some actual sales are being attributed to the program.

Best merchandising techniques and actual pickup in sales volume will be reported this month at the NAHB's convention in Chicago.

CREDIT & FINANCE

Savings and loans expect continued outflow of deposits to other investment outlets next month and no signs of long-range improvement in the credit picture.

This is despite attempts by regulatory agencies to ease the plight of S & L's and through them the avail-

ability of financing for single-family housing.

Measures that took effect last Sept. 21 put a five per cent ceiling on interest rates paid by banks on certificates of deposit, one major competitor for funds.

Yet outflow from insured S & L's was \$300 million during October, and industry observers expect a further drain in January after payment of quarterly and semiannual dividends.

FOREIGN TRADE

U. S. exports of nuclear technology are expected to charge ahead.

This is State Department assessment of recent trends in sales abroad plus results of high-powered nuclear exhibition in Switzerland this fall.

Of 61 American firms exhibiting, nine were new to the market and 17 new in export field. Significantly, 25 firms were small—net worth under \$1 million.

Results: 8.8 million in sales projected over next 12 months; additional \$17 million over three years and another \$35 million within five years. These forecasts are tied to exhibit and do not reflect projections of such large firms as Westinghouse, General Electric, Combustion Engineering and Bechtel.

Reported State Department on exhibit, known as NUCLEX '66:

"Few of them, either before or during the exhibition, viewed NUCLEX as a vehicle for immediate sales. However, for contacts and future sales prospects the consensus of the exhibitors was that the U. S. exhibition proved to be an extremely valuable venture well worth the effort and expense."

U. S. technological lead prompts officials to speculate nuclear technology may become more competitive in Europe on a national basis, with greater government support as in case of French computers and British-



Success of U. S. exhibitors at trade fair displaying atomic equipment spurs optimistic export forecast.

French development of supersonic aircraft.

MANUFACTURING

American steelmaking industry is surging ahead with modernization, and there's no letup in sight.

For first time, U. S. leads world in production by basic oxygen furnace this year. This is the process whereby steel is heated by high-velocity injection of oxygen into furnace. Japan was No. 1.

A total of 33 million tons produced by this process in 1966, an increase of 10 million over last year. The main advantage is in time saved.

"We can now do in minutes what used to take hours," comments industry executive.

One observer estimated that by 1970 fully one half of all steel production in U. S. will have been converted to this process.

Engineers specializing in steel plants already list total of 13 new BOF's—basic oxygen furnaces—scheduled for 1967, as against seven new furnaces this year.

MARKETING

Heightened cost consciousness, a characteristic of today's consumer, also influences market research of manufacturers who serve them.

This accounts for trend toward greater control and sophistication in mass marketing of consumer products through chain stores, according to Fitzhugh L. Corr, vice president of client sales and services, Burgoyne Index, Inc.

Burgoyne, headquartered in Cincinnati, operates in Toledo, Ohio, and Hartford, Conn., "controlab" arrangements whereby high-volume chains take part in exclusive test-marketing of new products and changes in products.

Claimed advantages include economy, rapid results, greater control. Demand for such service prompts Burgoyne to plan two more "controlab" cities.

Approach also is used by Product Acceptance and Research, Evansville, Ind., and, on more short-term basis, by increasing number of other market researchers.

NATURAL RESOURCES

Despite advances in nuclear power production, coal promises to hold its own in the years ahead.

U. S. Office of Coal Research notes 86 new coal-burning power plants have been announced through 1971, expected to consume 140 million tons a year. This represents 57 per cent of total used by utilities in 1965.

Other pending developments involving coal:

Prospects for motor fuel from coal, indicated by petroleum companies' acquisition of coal lands and stocks.

Progress in development of "packaged" coal-fired boiler units, including research on process to minimize or eliminate air pollution.

Research on conversion of power-plant ash into high-quality brick.

TRANSPORTATION

Bigger squeeze on airports coming.

One symptom is proposal to limit New York's Kennedy International to local flights, search for fourth New York area airport.

Nationwide, passenger traffic will double by 1970, increase five times by 1980. Cargo traffic will increase even faster.

State and local publicly owned airports figure it will take \$2 billion for new and improved facilities in next five years alone.

But William E. Downes, Jr., president, Airport Operators Council International and Chicago City Aviation Commissioner, figures this won't begin to fill the bill.

Predicting genuine "crisis," he urges full-blown aviation planning commission to coordinate industry-government planning for airports.

Air Transport Assn., however, emphasizes much can be done to improve existing capacity through better landing controls and other technological advances.

GOVERNMENT CAN CUT SPENDING

continued from page 43

Where is the greatest potential for savings?

That's a difficult question to answer categorically. Many people would say we should reduce or terminate lower priority programs. While we in the GAO do not rule this out completely, we are primarily concerned with seeking ways to carry out programs more efficiently and at lower costs. That is why we stress competitive procurement, particularly in the Defense Department where total procurement now runs about \$38 billion a year, some 85 per cent of which is still in the form of negotiated contracts. Other major areas we are stressing are manpower utilization, introduction of labor-saving equipment, and careful reviews of overseas military and economic assistance, including Food for Peace.

You're directing more of the GAO's effort at bigger government programs, aren't you?

Yes. This has always been the aim. But I wasn't satisfied that enough had been done, particularly with respect to some of the newer programs enacted in the past two or three years.

Which ones, in particular?

On the domestic side, housing and urban development, health, education and poverty—the whole array of Great Society programs. In the poverty program, we are reviewing Community Action projects, the Neighborhood Youth Corps and the manpower training operations. Some reports on these will go to the new Congress after the first of the year.

We have worked closely with the Social Security Administration in developing medicare cost principles, and will expand our audit coverage to this new program.

In the military and international area, we have already added substantially to our staff efforts on defense procurement, stemming from the Southeast Asia build-up. Roughly half of our staff is devoted to defense supply, defense procurement and other defense expenditures.

Military construction in Southeast Asia is another important area, as is the commodity import program to assist the Vietnamese economy. To meet the Southeast Asia build-up, we are establishing a new branch office in Manila.

Mr. Staats, the federal government today seems more inclined to adopt

the business practice of more forward planning in budgeting and managing its finances. What does your agency contribute to this?

One of the highly important aspects of the GAO's job, one which is not widely known, is its responsibility to assist the federal agencies in improving their financial management practice.

We are increasing our efforts sharply in this area. The work to be done is great. To date, only about one third of the civilian agencies have accounting systems which meet current GAO standards. And within the Defense Department, the Corps of Engineers is the only activity which has an approved accounting system. We have quadrupled our efforts in this area, assigning approximately 10 per cent of our professional staff to it.

What is the Pentagon doing to correct this deficiency?

Under the immediate direction of Assistant Secretary of Defense Robert Anthony it has recently undertaken a major program which it hopes to complete by July 1, 1967, to relate costs more closely to the program budgeting system. This new program promises to be one of the most revolutionary developments in defense accounting in 15 years. It represents a logical extension and refinement of the program budgeting system which has been in effect for the last five years and, I believe, could save substantial tax money in the future. We are giving active assistance to Mr. Anthony in this effort.

How else does the GAO protect our tax dollars?

In addition to our accounting and auditing work, by our legal activities. The GAO is the office designated by Congress to make final determinations on the legality of the expenditures of federal funds. Unlike the courts, our jurisdiction is not limited to legal questions arising after the fact. The heads of the departments and agencies and other officials may obtain advance legal decisions before initiating new programs, before awarding contracts, before making payments of almost any type.

Also, any bidder on a government contract who believes that a proposed or actual award hurts him may protest to the GAO. The preservation of an effective procurement

system depends on maintaining the confidence of all parties interested in doing business with the government. This can only be accomplished by treating all bidders fairly, impartially.

What pressures work against your agency in achieving an accounting of how the taxpayers' dollars are spent?

Perhaps the principal problem is the need for additional qualified personnel.

But we are improving, partly because of an intensive recruiting program and our own highly developed training program and partly by taking advantage of training offered by universities and private industry. We increased our accounting personnel and auditing and investigating staff, from 1,850 in 1960 to 2,280 in 1966. At the same time, we reduced our over-all staff. This is indicative of our effort to increase our professional capability.

We particularly want to strengthen our staff in some of the newer management specialties, for example, electronic data processing, systems analysis, operations research. Without this kind of capability we can't be sure the agencies themselves are carrying out programs at the least cost.

In too many cases there has been a lack of interest topside in the agencies in developing good cost-based budgeting, and at times resistance to our efforts to obtain needed information. As we see it, cost consciousness and cost-based budgeting go together.

How do you go about making an investigative accounting? Can you give an example?

Yes. The answer lies, in part, in the fact that our staff is professionally trained to analyze whether governmental operations being conducted are necessary, are the most efficient way and are in accord with the intent and purpose authorized by Congress and directed by the agency head.

The techniques we use vary all the way from actual observation of operations to complex financial analyses and evaluations.

To cite a very simple case, one of our reviews disclosed that eliminating the requirement for a lock on office desks purchased by Federal agencies would save about \$250,000 a year. Agencies had been buying an average of about 170,000 office desks a year, each equipped with a lock.

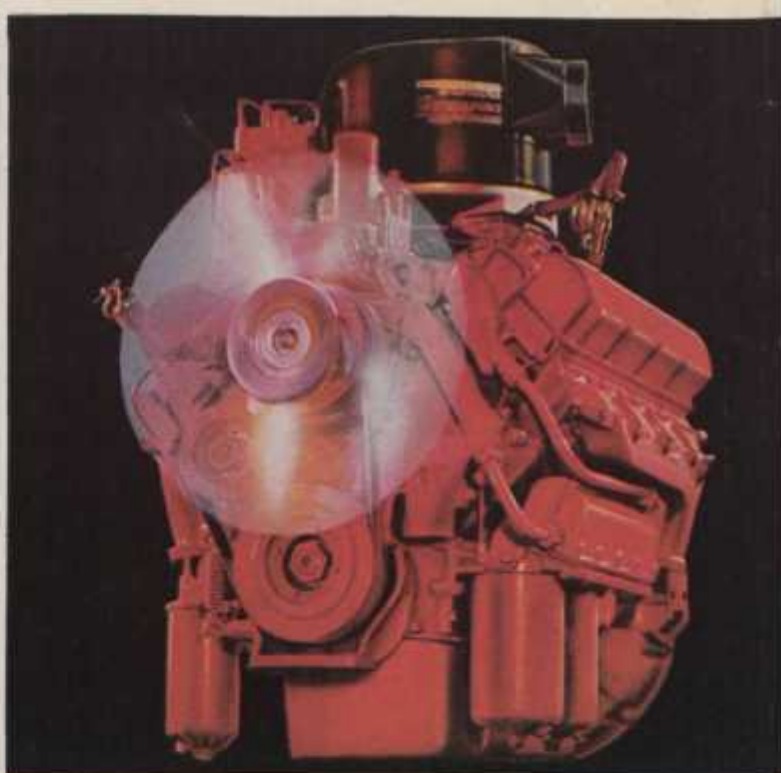
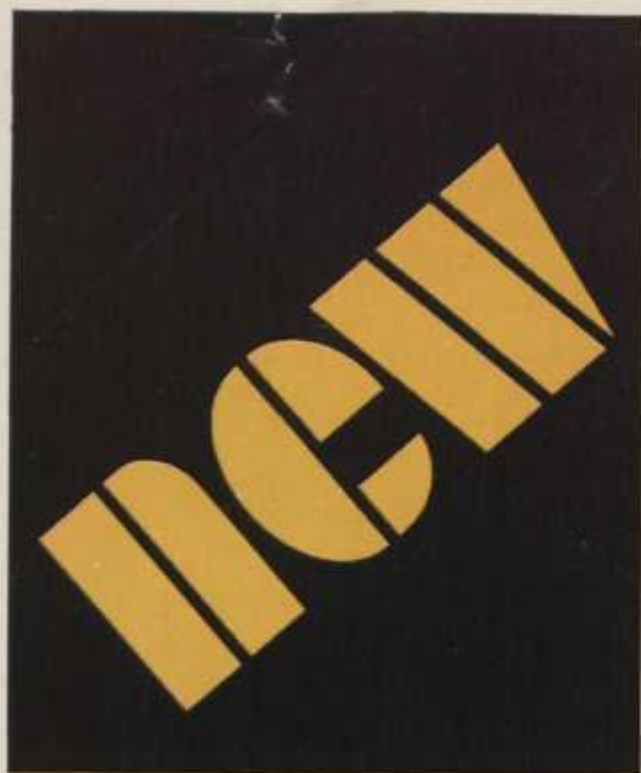
Generally employees aren't re-

(continued on page 64)



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QUARTERBACKING A NEW INDUSTRY

A conversation with George Halas, the owner of the Chicago Bears, and initiator and innovator of the colorful business that is professional football

When a falling airplane carried Notre Dame's Knute Rockne to his death on March 31, 1931, near Bazaar, Kans., it left football without a preeminent leader—until "Papa Bear" came along.

That's the affectionate nickname for George Stanley Halas of the Chicago Bears.

Mr. Halas, the son of immigrants from Bohemia, is far more than a football man. He is a most successful businessman. He is astute in public relations and television affairs and performs many duties for charity. He is a business as well as sports innovator, a Navy veteran of two wars, a former outfielder for the New York Yankees and, at 71, is mellowing gracefully.

George Halas took a \$100 franchise in the National Football League which he helped organize in 1921 and turned it into the invaluable franchise which it is today.

The Chicago Bears must be worth about \$20 million—but that is only a guess because George Halas wouldn't think of selling his Bears.

He is owner of the team, head coach, oversees the business end which his son directs, scouts other teams, looks at prospective players, directs trading and plays one of the coolest games known when the NFL gets down to the business of new franchises, rules, TV contracts, sponsor tie-ins.

In this interview with a NATION'S BUSINESS editor, Coach Halas looks far back into sports history at some of the events he fashioned. He also talks of costs, contracts, losses, profits and his industry's loyal customer—the fan.

Coach Halas, you are "The Great Innovator" of professional football. Can we talk about some of these innovations?

The first player was purchased in 1921. Ed Healey of Dartmouth who played with the professional Rock Island Independents was the man.

Rock Island owed my team, the Chicago Bears, \$100 and money was a little tough to come

LESSONS OF LEADERSHIP *continued*

by in those days—as it is now in this tight money market. So I suggested that Rock Island turn Healy over to me for \$100. Healy became the first player purchased and he was undoubtedly one of the finest tackles of all time. He had great speed and competitive spirit—out of this world.

How about the first organized practice?

Yes, this was in the very early

days of the business, in 1920. I had started a team in Decatur, Ill., for the Staley Manufacturing Co. Staley made starch and financed my team as a business and public relations venture.

I had formed this team by making the rounds of Big Ten Universities.

Having a fine group of individual stars, it would be impossible to get any teamwork without daily prac-

tice, without welding them into a team.

So I prevailed upon our benefactor, Mr. A. E. Staley, to permit all of the players to take two hours off from work each afternoon. The time taken off from work for football was chargeable by the company to the sport—and rightfully so.

By virtue of that maneuver we started the first serious daily practice in the history of pro football.

The fact that he charged the company sports account with the cost was perhaps most fortunate as far as I was concerned. The following year there was a business recession. Mr. Staley said he did not think he could afford the team for another year.

So he called me in and wanted to know if I would take the team to Chicago in 1921. He offered me \$5,000 to take the team off his hands and to continue calling it The Staleys for one more year. I did so and that was a wonderful break for me.

I sought out Mr. William Veeck, Sr., of the Chicago Cubs baseball team and acquired a lease on Wrigley Field. That is how we happened to move from Decatur, Ill., to Chicago which is one of the very great football towns.

By 1922 we were the Chicago Bears, called that in honor of the Chicago Cubs. And we have remained that ever since. We still play in Wrigley Field.

What about the star system which you and Red Grange inaugurated?

That began back in 1925 when Mr. Red Grange was a famous star for the University of Illinois and the Bears were able to acquire his services as a halfback.

After his final game in the Big Ten, Red Grange came to Chicago and we signed him that Sunday morning after negotiating all night.

He sat on our bench that afternoon and he played with us the following Thursday, Thanksgiving Day.

His drawing power was just tremendous.

We used to sell our tickets at A. G. Spalding Sporting Goods store. I got a call from Spalding to hurry over, that there was a tremendous demand for tickets and a huge crowd.

I walked over to South State Street.

Here I saw a line, four abreast, down State Street, down Monroe, back up Wabash and around the block.

That was the most thrilling sight

"Papa Bear" in 1933 when he was a little bear. This was a rough period. Mr. Halas nearly lost his team and every cent he owned.





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LESSONS OF LEADERSHIP *continued*

I had ever seen up to that time. We were sold out that day, not only for the Thanksgiving Day game, but also the next Sunday when we played the Dayton Triangles in Chicago.

That's the way it was. We went to St. Louis and played to a huge crowd the following Tuesday and then we played in Washington. We played in Boston and then on Saturday we played in Philadelphia.

The next day we moved to New York and played the Giants in the Polo Grounds. We had a sellout crowd there of 77,000. We filled the overflow seats which were left over from an Army-Navy game. So it went. Every place we played to capacity crowds.

I took my life in my hands if I did not keep the regulars in the entire game because they just fought to be in the starting lineup with Grange. That is, until we played so many games in that short period of time we all became a pretty battered crew.

No one ever accused George Halas of not being spirited. He is a fierce competitor and a hard driver, but an understanding leader.

Once in Pittsburgh we had only 10 players to begin the game with. Officials forced me to find an eleventh man. I had to call for volunteers among the locals. Finally I ended up as quarterback myself.

The game in St. Louis was against a pick-up team formed by a local undertaker. All of us were ready for an undertaker when that series ended. On the way home to Chicago the washroom of our Pullman car was a working hospital.

We had played 10 games in 15 days with sellouts all the way. Red Grange had put us on Page One of sports sections in every paper in the country. This was a great day for football.

Coach, what was it you did back in the early 1930's which put so much color into professional football and increased scoring?

Well, we changed the rules. Here's the story: In 1932, we played six tie games and we ended

up playing Portsmouth, Ohio, for the championship. That's a strange record for a championship team.

Chicago was covered with two feet of snow by the time of the championship game and we were strictly icebound. There was no chance of its melting. It so happened there had been a circus at the Chicago stadium and they had covered the terrazzo floor with six inches of dirt. We used the indoor field.

In that game our fullback, Mr. Bronko Nagurski, faked a plunge into the line and then dropped back five yards. The passer had to be five yards behind the line of scrimmage in those days. He threw a touchdown pass, the only touchdown of the game, to Red Grange.

During that game we had to erect a four-foot fence along the boundary of the playing field. It was a tight fit getting the field into the stadium.

That was our sideline, a four-foot wooden fence made of 2 X 8's. It was needed to withstand the crash of players who were headed out of bounds into the laps of the ticket buyers.

Teams could not be expected to run the next play from a position where the ball rested against the fence. So, we automatically moved the ball 10 yards in. This gave the team with the ball room to maneuver on the next play.

I thought moving the ball in was a good idea and would increase the possibility of scoring. If the passer could throw from any point back of the line of scrimmage, he would have a better chance of scoring also.

In February, 1933, I suggested these rules be made permanent.

We adopted the rules and I was supported by George Preston Marshall of the Washington Redskins. Marshall suggested putting the goalpost on the goal line instead of being 10 yards back as it is in college football today. This was adopted and it has increased field goal kicking.

The Bears' man-in-motion plays and the use of underhand laterals also helped break the game wide open. Nowadays, players are bigger and better, too.

You are the only founder of the National Football League who is still active?

Yes. I wasn't much of a leader in those early days though. It was just a matter of surviving.

Pro football got its start before 1900. Few people know this. It



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centered in the Pennsylvania-Ohio region with fine teams in Massillon, Canton and Akron. Some of the great college coaches played pro ball—Knute Rockne, Jock Sutherland, Gus Dorais, Tuss McLaughry, Lou Little and Earle Neale.

Just before the 1920 season, when I formed my first team in Decatur, I wrote Ralph Hay who ran the Canton Bulldogs. I suggested that life would be easier for all of us if we formed a league and played a set schedule. Up until then if a fellow wanted to get a ball game for his club he just wrote another owner and proposed a date.

You mean until 1921 there was no set schedule?

None at all.

Well, Hay liked the idea and so did Stan Cofall, manager of the Massillon Tigers. A meeting of managers was called and we held our first get-together. We met Sept. 17, 1920, in Canton at Hay's automobile agency.

That was the beginning of the National Football League although we went for a couple of years under the name of the American Professional Football Assn. Jim Thorpe was elected president.

That was some meeting. We sat around on the fenders of Hay's automobiles. There were no chairs. Some of us sat on running boards. We announced that membership in the league would cost \$100 per team. That was a good one. No money changed hands; there wasn't \$100 in the whole room.

We awarded franchises to the Canton and Massillon teams, to my Decatur Staleys, the Chicago Cardinals, Hammond Pros, Muncie Tigers, Rock Island Independents, Rochester All-Stars, Akron Professionals, Cleveland Indians and the Dayton Triangles.

Those were rough times. Only two teams from that group are still in business. My Decatur team is now the Chicago Bears and the Chicago Cardinals are now the St. Louis Cardinals.

Do you subscribe to the theory that a fellow must lose a little before he can win a lot? As I recall you slid into third base while playing for the New York Yankees, hurt your hip. Then you really found your place in pro football.

No. I don't subscribe to that.

Here is what happened. I joined the New York Yankees in 1919. Miller Huggins, the famous Yankee

manager, thought I was a pretty good baseball prospect. At least I had good speed; I could hit and play the outfield. I got a triple off Rube Marquard, but when I slid into third I hurt my hip. It was a long time healing.

I did start the American League season for the Yankees in Washington with Walter Johnson pitching for the Senators. I played a game or two but I always got charley horses. I would play off and on. On the second Yankee trip out to Cleveland I asked Manager Huggins to send me to Bonesetter Reese for treatment. He had saved my athletic life on three other occasions.

Bonesetter was not a medical man, he just learned his business in the steel mills of Youngstown. He knew every tendon, every ligament, every bone and every muscle in your body. He was just a marvel.

I took the Electric Line from Cleveland down to Youngstown. Sure enough, there was a line a block long of fellows on crutches, canes, youngsters, old men—all waiting to see Bonesetter.

I got on the table when my turn came and I told him the story and he then dug his powerful fingers down into my side and said, "Yes, when you slid into third base you twisted your thigh bone."

So, he said, "Just a minute, just relax," and boom, he put those fingers right down two or three inches into my leg and took hold of that bone and just twisted it back in place and that afternoon I was running like wild at the stadium in Cleveland. But it was too late.

My position had been filled. A fellow named Babe Ruth was playing the outfield in my place.

Let's talk about money and business coach.

Certainly, money is a fine thing.

You all but lost the Bears once didn't you? What happened?

Back during the 1920's I had a partner in the Bears named Edward C. Sternaman.

We coached until 1930 and played ourselves; we paid ourselves \$100 a game for both jobs. That is all we could afford.

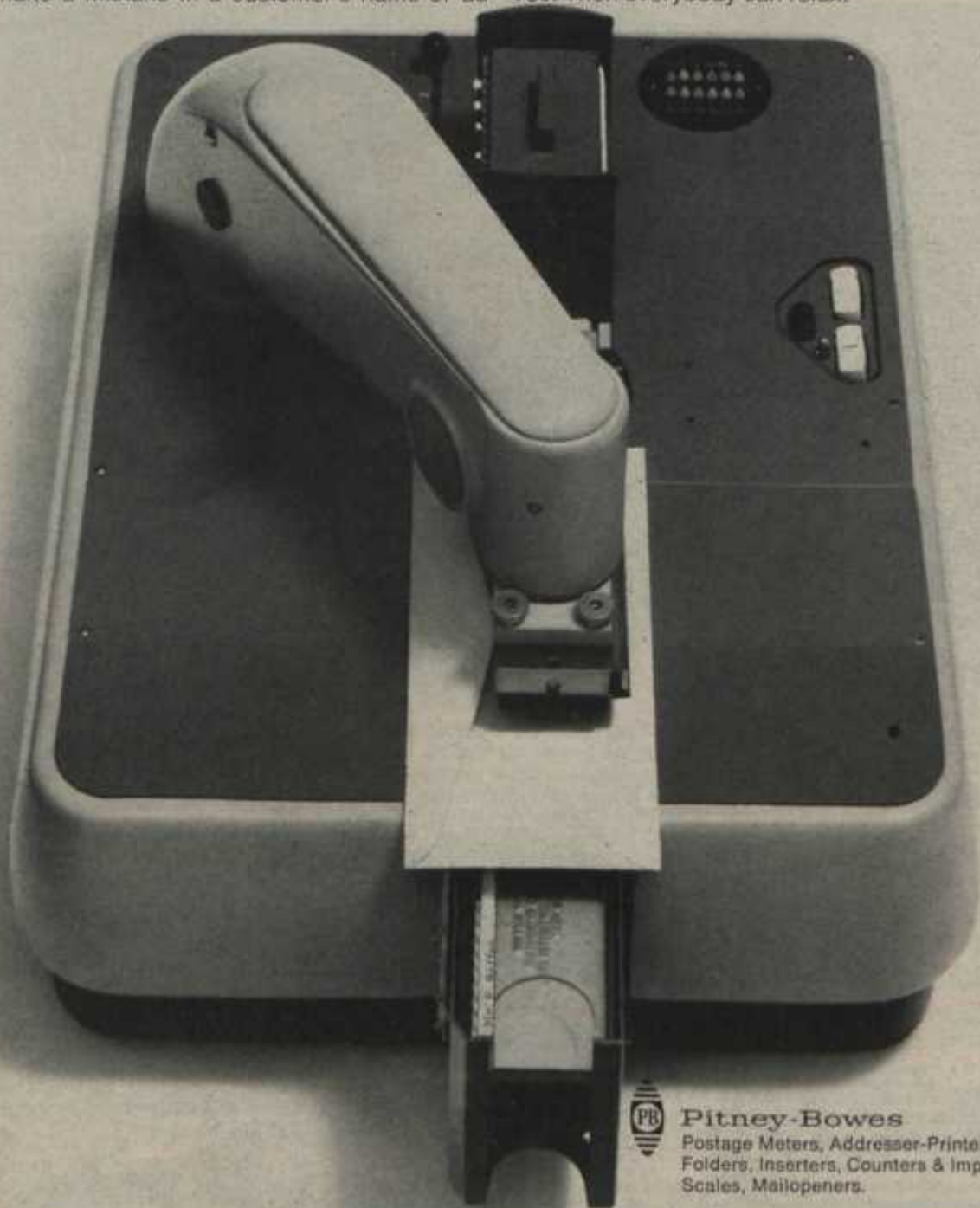
The Bears won the NFL Championship in 1932 and, by golly, we lost \$18,000. That was a depression year.

Dutch Sternaman decided he would rather devote all of his time to his oil business than to football and I

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LESSONS OF LEADERSHIP *continued*

agreed to buy him out for \$38,000. I would make a down payment and pay notes maturing in six and 12 months.

Because of the depression there were few places for me to turn to get the money. So I had to issue notes to my friends and some of the players. My own mother loaned me money and so did the mother of our center, George Trafton. I went back to coaching not only because I desired to do so but from sheer necessity.

I paid off the first \$19,000 and then I ran into a further shortage of money. I paid off the next installment and then I was \$5,000 short on the last one. Then I found out that the way the agreement was worded if I did not raise the last installment, I would lose not just the Bears but all of the money I had already paid.

I was notified that I had to produce that money at four o'clock at the Chicago Title & Trust Co. where my stock was in escrow.

Very fortunately, Mr. C. K. Anderson, the president of the First National Bank of Antioch, came through with the loan. Why he did, I don't know except that we got along so well. And at the very last minute, I don't think it was more than 30 minutes before the option expired, I was able to get this money.

Today, a one minute commercial over CBS-TV during an NFL game costs \$70,000.

Coach, how have you whipped up enthusiasm among professional players? With pep talks, half-time stuff?

No, not any more. We work at whipping up enthusiasm all week during practice. Rip-roaring pep talks don't work any longer. Not before the game or at halftime; those are things of the past. You don't have time at halftime any more, you are so busy making adjustments.

Is it true that "by golly" is the strongest expression you ever use?

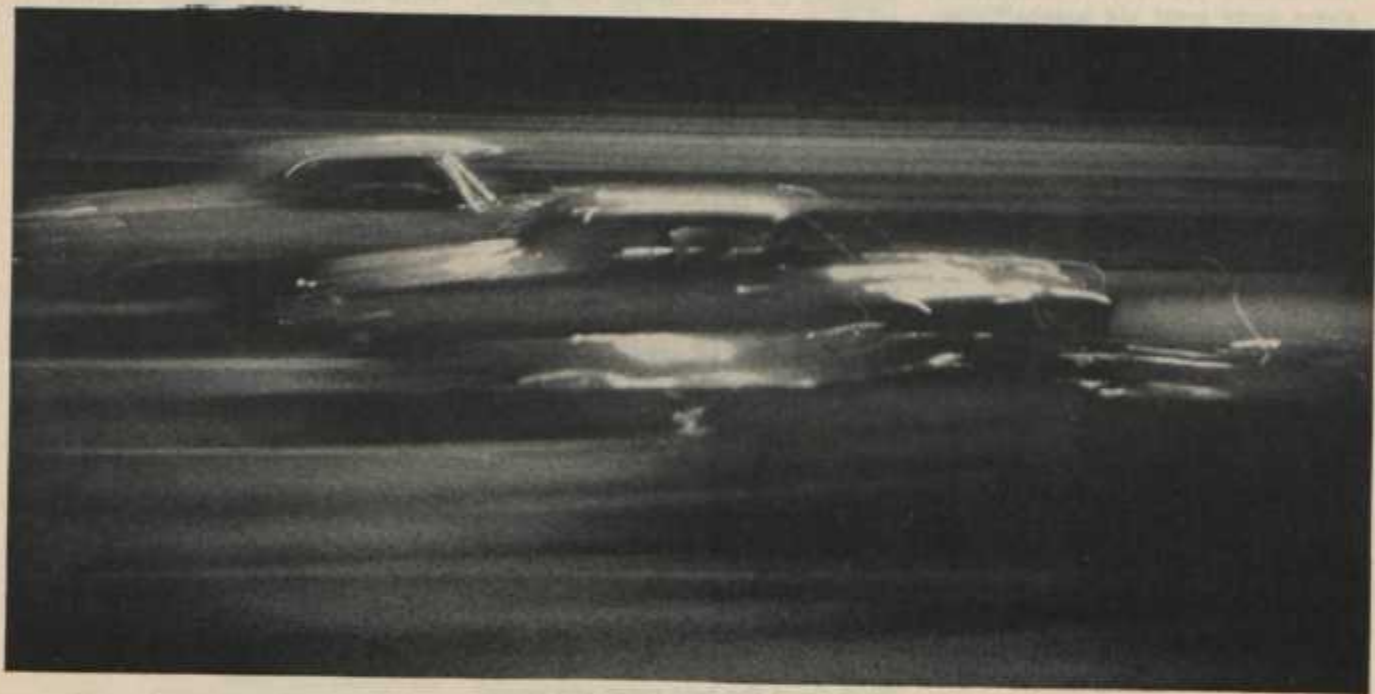
Well, at times I go beyond that. Only under great provocation, like a miscall by an official. That is a most provoking provocation.

How did football get to be a Sunday afternoon sport?

We had no lights in the early days for night games. Saturdays were taken up by colleges. Sun-

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FLEET INSURANCE

day was the only day left. It took no brain power to arrive at that deduction. Besides, back in 1926, Sunday football also fit into the newspaper scheme of things.

I remember in 1926 when Don Maxwell, the present editor of the *Chicago Tribune*, was sports editor of the *Trib*. He envisioned the possibilities of pro football and he also saw where it gave him something fresh for his Monday sports page.

Almost daily you read in newspapers where some great old baseball player or boxer is down on his luck and broke. You rarely hear of a football player like that. Why?

Primarily, it is because ninety-nine and a half percent of pro players are college graduates or attended college for at least four years.

You mean they got an education?

That's right. We don't sign a boy until he has completed his college athletic eligibility. That is a fine rule. When we took Red Grange out of Illinois back in the 1920's before he finished his senior year, I knew that was a mistake. The following year we got the rule we now have.

Weren't you the man who introduced that resolution?

Yes, and I also tell my players that professional football is a stepping stone to business careers. "You are here to play pro football," I tell them. "You are getting pretty good money and you should use it to further your education, to go into business."

What differences are there in being a leader in the era of Red Grange and in the era of Johnny Unitas? What is the difference between being the leader of players who get \$100 a game and players who get the handsome salaries of today?

I don't see any difference because I judge the boys by their ability and desire to play and their competitive spirit and that is what's important. The only difference is I used to fine them \$25 for an infraction, now it's up to \$100 for an infraction.

So in handling them, I don't think there is any difference. Of course, there are more of them. The old players back in the Twenties had just as much desire and determination. As a group maybe more so than today. I took my

life in my hands, having only 17 or 18 players, to make a substitution. They all played offense and defense, and wanted to stay in for the entire game, which they usually did.

What is the biggest mistake you ever made and what is the best move you ever made?

Well, one of the big mistakes I made was in order to help a friend. The friend was Ted Collins, the manager of Kate Smith the singer. He had a team in our league and he was losing a lot of money and playing at the Polo Grounds. He had no quarterback and he appealed to me to help him.

I don't think I would have done it for anybody else; but I enjoyed him so much because he was the funniest fellow I have ever known.

But I finally did agree to let him have Bobby Layne, one of our quarterbacks. I finally capitulated for two first draft choices and \$50,000, which was a lot of money, apparently, in those days. But not enough for a good man of Layne's ability and quality. Layne went on to become a magnificent player.

Of course, we were very fortunate at the time with our other two quarterbacks, especially Sid Luckman who has been an out-of-this-world player. Our other man was Johnny Lujack, the Notre Dame star.

What about the best move you made?

One was the acquisition of Sid Luckman.

Mr. Luckman was a tailback at Columbia and when we selected him he lacked enthusiasm because he had never been west of Buffalo and he thought out here was cowboy and Indian country. I got several of our business leaders here in Chicago to speak to him for me but he wouldn't come out.

I went to his home and had dinner with him and his wife, Estelle, and finally convinced him to come. That was one of the luckiest moves that I ever made and it turned out to be a great thing for Sid. He is now a wealthy young man and he never has forgotten. He coaches for us now, comes out several times a week now. He lives here in the old cowboy town.

Still another good move was just after World War II. I had been on Admiral Chester Nimitz's staff as welfare recreation officer for the Pacific Fleet. I had been out of

touch with football for three years. The 1941 Chicago team was voted by sports writers of America as the greatest team in pro football.

Well, the boys who came back after the war were men. You couldn't treat them like kids.

So I made a speech to men like Joe Stydahar, Sid Luckman, Dr. Danny Fortmann. I told them that no old-timer would be released, every man had a job. This put them at their ease.

Then I told them that after three or four years of military service they were mature—that all squad rules such as curfews and so forth were off. They were expected to behave. Nobody would be fined.

My speech appealed to them and they won the championship.

You said earlier that a one-minute commercial on TV during an NFL game costs \$70,000. This is getting awfully high, isn't it?

No, that's not quite as much as it appears because this includes the championship game, pro-bowl and runner-up attractions. Last year during the championship game, and under the old contract with CBS, a minute commercial cost \$110,000 and during the regular season it was \$60,000.

I guess you would say we might price ourselves out of business. Not yet, but we are getting up into a pretty high neighborhood. Each of the 15 teams in the NFL gets about \$1,200,000 from TV each year. We have a two-year contract with an option for 1968.

What does it cost to run the Bears?

We spend between \$2,225,000 and \$2,500,000 a year running the club. This is twice as much as we spent eight years ago.

Now look at this TV business. The way pro football operates, with our huge costs of recruiting, players' high salaries, a lot of coaches—all of that—we need TV.

I'll tell you, if every team in the NFL played to sellouts for all pre-season and season games, it's doubtful if any club could break even.

The TV contract makes up what we would lose and gives us a profit.

Will TV make football a prime time Monday or Tuesday night event?

Well, definitely not Tuesday, but Monday maybe. We can't play on Friday or Saturday between mid-September and right after Thanksgiving because it is prohibited by federal law under certain conditions.

(Continued on page 98)

Next week you'll know next year's trucking costs —to the penny

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The tricky job of budgeting trucking costs can be handled with ease — if you'll let Ryder help you. All you do is call your nearby Ryder representative and ask him to drop off a copy of "Ryder Leasing: The Modern System of Transportation Management." He'll show you the useful planning guides in this new booklet, and start gathering data for your lease proposal.

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FOR LEASE OR SHORT-TERM RENTAL RYDER OFFERS **FORDS** AND OTHER FINE TRUCKS

GOVERNMENT CAN CUT SPENDING

continued from page 48

quired to lock their desks, so we felt the lock was an unnecessary expense in most instances. The practice of purchasing desks with locks has been discontinued.

A considerably more complex example concerns our review and analysis of Coast Guard plans to replace high-endurance vessels. We initiated a review after observing that the Coast Guard had used theoretical planning factors rather than actual operating data to determine its vessel replacement requirements.

Our report to Congress showed that the replacement requirements for the eastern area of the U. S. could be substantially reduced, saving about \$55 million in capital costs and about \$3.8 million annually in vessel operating costs.

For the Western area, we advised that the requirements could also be substantially reduced, saving about \$45 million in construction and \$3.6 million a year in operating costs.

So, as a result of these studies, the General Accounting Office was able to point out an indicated saving in just one agency of \$100 million in capital costs and \$7.4 million in annual operating costs. The Coast Guard agreed to re-examine its requirements and is using the approach we recommended.

Another example comes from an analysis our staff made of the cost allocation practices of the Post Office Department, which resulted in their selling stamped envelopes at a substantial loss. The department is required by law to sell stamped envelopes as nearly as possible at cost, but not less than cost.

The General Accounting Office found that the department had improperly deducted costs of about

\$10.4 million. Also, it had made certain computation errors, resulting in an overstatement of about \$4 million in the cost allocation. We estimated, after considering these amounts, that the cost of selling stamped envelopes exceeded revenues for the four years ending June 30, 1963, by \$7.5 million, as compared with the department's reported loss of \$1.3 million.

The department subsequently announced an increase in the price of stamped envelopes.

The GAO has been criticized by some as being too negative about government spending. What do you think?

We are not against spending as such. We are against waste.

Perhaps the good auditor is never going to win a popularity contest any more than a good budget officer is. Both the Budget Bureau and the General Accounting Office are critics of agency operations. Although most of our work will continue to be directed primarily at undesirable conditions which need correcting, we will give increased attention to suggesting ways to prevent recurrence of errors.

Do you envision any new systems or procedures that will make your agency's watchdogging more effective?

Yes, although there will never be a substitute for independent and critical analysis of agency operations. We feel we can further strengthen our work in the area of improving financial management practices. We can emphasize newer management techniques which have been successful in government and private industry.

Traditionally, there is a rush on spend-

ing at the end of the fiscal year. What can be done about this?

This is an old problem which we have made many efforts to deal with, both in the executive and legislative branch. It stems partly from inadequate financial information with respect to the status of expenditures, from inadequate controls and from inadequate supervision.

There may be isolated cases where a large or disproportionate expenditure in May and June can be justified because of delays in enacting appropriations, or delays in reaching decisions at the agencies. But there is no substitute for good supervision and adequate financial controls to be sure that money which may be over and above immediate requirements is not spent just to avoid asking for the money the next year, or used for things which are really not essential.

Drawing from your extensive experience at the Budget Bureau, do you see any end to expanding federal spending?

The question is not whether federal spending will increase, because it will inevitably increase as the population grows and as the population becomes more highly urbanized. The real question is what will be the particular areas that will require this increase and the rate and total burden on the taxpayer of it.

There are many ways to evaluate or make a judgment on the desirable level of government spending. One which I feel needs more emphasis is the relationship of total spending by government—federal, state and local—to the gross national product, and our national income. These are better measures not only of the tax burden but also of the effect of government spending on the economy. **END**

"We don't just make sure the figures add," says Comptroller General Staats. "We see that the job gets done the way Congress intended: Effectively, efficiently, economically and within the laws."



**NCR has solved the inventory problem.
'Tis the reason to be jolly.**

If this fellow runs out of the right merchandise this holiday season, a lot of little people will lose faith.

An NCR Total System for retailers makes being "out of stock" old fashioned any time of year. NCR Control Registers record sales figures by department and merchandise classification everytime a sale is rung up. Then the detail journal tapes from those registers are proc-

essed by an NCR computer system . . . the store's own or one at a nearby NCR data processing center. Quick as a wink, store management men get computer printed reports that make it possible to bring all inventory figures up to date.

That kind of scientific inventory control is only one advantage of an NCR Total System for retailers. Automated Accounts Receivable is

another: the NCR computer system will prepare and print out detailed statements for all the store's charge customers, too.

Research shows that from 25 to 50 per cent of all retail store customers fail to find what they're after. If you're one of them, try stores with an NCR Total System. Or write to NCR, Dayton, Ohio 45409. We're Santa's helpers.



N C R



Where U.S. industry booms abroad



BRUSSELS—A small brass figure squats on the side of an ancient town hall in southern Belgium, his legs tucked beneath him. His head is shiny from rubbings by those who stroke him for good luck. He is the monkey of Mons.

In recent months, more and more American businessmen have rubbed the bright little head in quest of a quicker road to fortune. And it seems to have worked.

These are the American businessmen who have set up branch offices, factories, partnerships, granted franchises or made other business arrangements in Belgium. Such American ventures have, on the whole, been astonishingly successful. During the first five years of this decade, foreign investment in Belgium topped \$1 billion. The American share was more than 70 per cent, the Belgian Foreign Economics Ministry reports.

The magnitude of these cold figures comes alive when you consider the size of this country. It is only slightly larger than Vermont, but has 24 times as many people.

Into this little country of 11,775 square miles, where 9,225,000 people are concentrated, American companies poured \$600 million between 1963 and 1965, according to the Ministry.

While U. S. firms have invested more in larger countries, the millions invested in tiny Belgium must set some kind of record—per capita.

Practically every day the pace of investment quickens.

Two recent additions were a \$100 million General Motors Corp. plant at Antwerp to go along with older GM installations, and an \$80 million Caterpillar Tractor Co. plant near the village of Gosselies.

During 1965 U. S. companies spent \$321 million on new plants and equipment, Belgian government figures show. In the same year 12,000 entirely new jobs in American installations were filled by Belgians.

And 1966 may be an even bigger year.

No one knows the total American investment in Belgium but the estimate of \$3 billion is considered a good one. The amount is so large that 10 American banks have set up operations there to service accounts.

Big clusters of American businesses—not just scattered factories or warehouses—are found near Mons, Charleroi, Genk, Antwerp, Brussels, western Flanders and St. Niklaas. Belgians call these clusters industrial parks and they have a lilt in their voices whenever one is mentioned. More than 100 of them dot the maps.

Inevitably they are nicknamed "Little Americas," "Golden Triangles" and "Dollar Belts."

Some parks are huge and elaborate. One near Ghlin has a canal terminal for 350 barges, railways, divided highways and complete utilities.

In the park are such familiar American companies as Weyerhaeuser Co., Cameron Machine Co., Stewart Warner, Papercraft Corp. and Reynolds Metals Co.

(continued on page 70)





Hundreds of Ford tractors, ready for shipment throughout the world, are parked at the Antwerp plant.

In the Flemish language Belgians read that an additional GM car assembly plant will go up on this site.



BELGIUM LAYS OUT THE WELCOME MAT

At a time of increasing opposition to American investment in many European nations, **NATION'S BUSINESS** got a far different reaction from Auguste de Winter, Minister for Foreign Trade in the Belgian government.

Mr. de Winter is an attorney, sits in the Belgian Parliament and is mayor of his home town, Grimbergen. His position is similar to our Secretary of Commerce.



Mr. de Winter

Mr. Minister, is there a limit to the amount of American investment Belgium wants?

There is no limit. We welcome Americans and American investments in any quantity. From an industrial and commercial point of view we have always had a very "open door" frame of mind.

When one is speaking to a Belgian about the Bell Telephone Co. his first reaction will be "Yes, Bell Telephone of Antwerp." He will not make the distinction that Bell Telephone is an international group. He only knows that Bell Telephone is established in Antwerp.

As far as General Motors is concerned he knows that it is an important American group, but he also knows that it is a very important factory established in Belgium.

What types of American business participation does your government welcome most?

We have no preference. All industries may come and set up in our country. I believe there is no discrimination as far as the lines are concerned. Perhaps consumer goods would be more welcome than industries dealing with raw products. The government, though having no preference, wishes to see the setting up of industries which help with our unemployment problems.

Just how free should a nation's economy be?

The best system is the free enterprise system.

I would say as free as possible, i.e., completely free except where the freedom of others is at stake.

The role of government is limited to giving guidance.

We are trying to show the way. It is, however, the business of enterprises to follow or not to follow.

Mr. Minister, what would you tell an American businessman who is considering establishing a branch or an installation in Belgium?

I should tell him that he chooses rightly because

Belgium offers a number of advantages to foreign investors. We are grateful to Americans for what they did for us after World War II. But we have something to offer besides gratitude.

What will happen if and when Britain joins the Common Market?

As far as I am concerned there is no problem. It is essential for Europe that Britain joins the Common Market, as she would be followed by all the European Free Trade Assn. [EFTA] countries. This would make the Common Market a still more important bloc with larger possibilities.

Do you foresee peace in the Common Market, or will De Gaulle come up again with new problems?

We have to admit that he made a lot of difficulties for all of us. I hope that this is over and that there will be no more difficulties. The more the Common Market advances the less there are possibilities of creating difficulties. And he must realize, as everybody else, that the agreement on agricultural problems is a point of no return for the Common Market.

Political unity shall necessarily follow economic unity because, after all, economic unity is the most important.

I am convinced that what has been realized from an economic point of view, willingly or unwillingly, will be followed by political unity.

The British pound faces possible devaluation. The U. S. is having difficulties over its balance of payments. What effects do these two factors have on Europe or the Common Market in the next six months?

I am under the impression that when things go well they go well for everybody and that when they go badly they go badly for everybody.

Therefore I feel that the pound sterling's difficulties (which are great and which I hope to see solved without devaluation) would automatically have serious repercussions on the Common Market economy, and probably on the world's business and on monetary stability in general.

Consider reactions concerning American shortage of money. We have to admit that generally in Europe people and economists cannot easily understand that Americans sometimes do not have money. But Americans have to face important obligations, namely in Viet Nam. These problems can have serious repercussions on the world's economy and on the Common Market economy as a whole.

When Wall Street is slipping, all European stock exchanges follow almost automatically, although perhaps not in the same proportion.

What trends do you see in East-West trade?

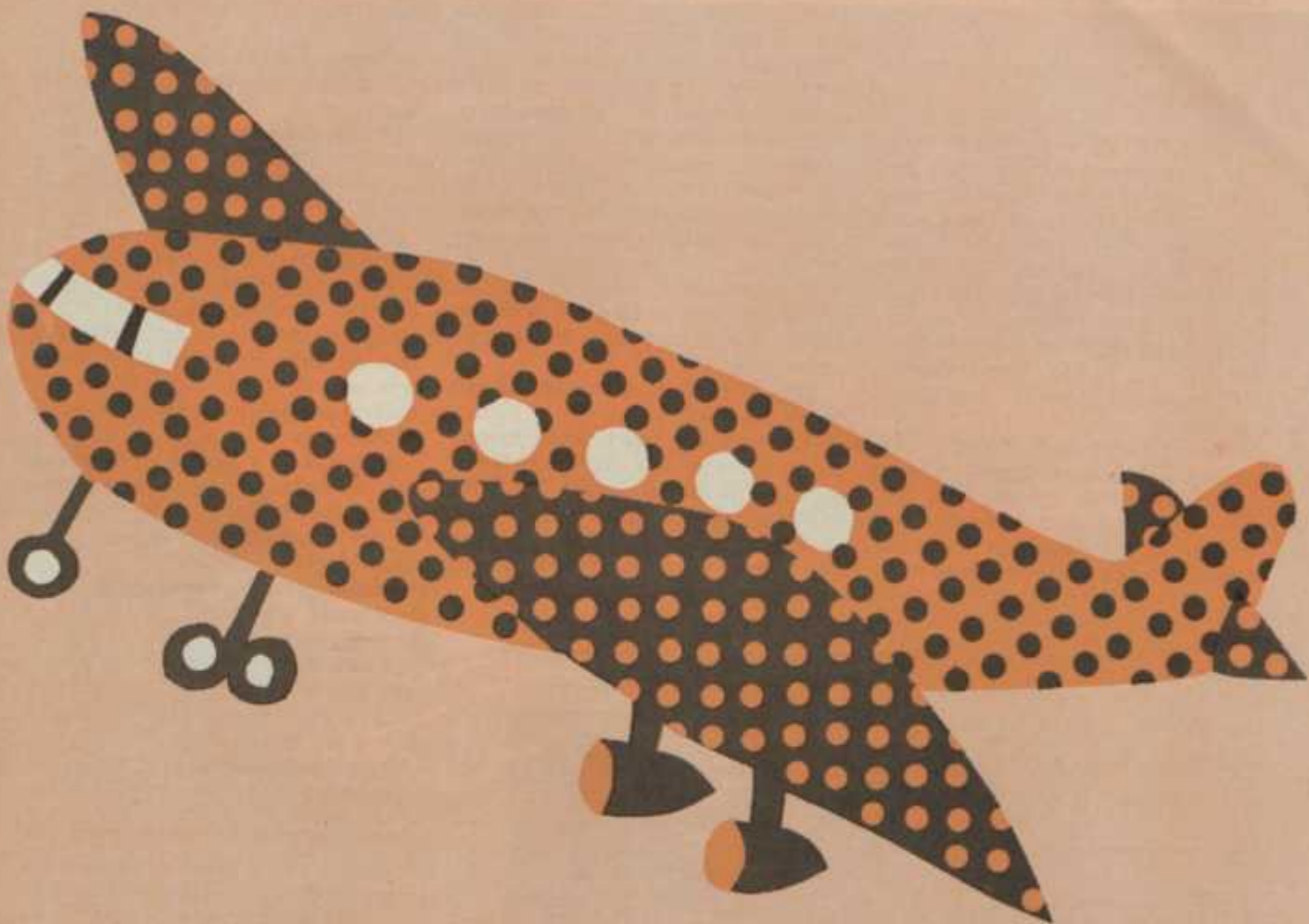
I believe that to get along better two people must know each other better. This is true for eastern and western countries.

I am convinced that when creating contacts we work better to achieve peace.

I feel that eastern countries are making a big effort to improve from an economic point of view, but they still have far to go. It is in our interest to work with them.

END

Who can get your air shipment on the "next plane out"?



Only Air Express.

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WHERE U. S. INDUSTRY BOOMS ABROAD

continued

"Yankee Go Home" has not been painted along a fence in the neighborhood of Bornem Park, near Puurs, or in the great port city of Antwerp in a long time. Too large a percentage of the local population earns its livelihood on American payrolls.

A who's who of U. S. business

In and around Bornem Park and Puurs are Clayton Manufacturing Co., Clark Chewing Gum Co., American Safety Razor, Parke, Davis & Co., Upjohn Co., Philip Morris Inc., International Telephone and Telegraph Corp., Personna Blades, Delightform, Sawyer's Inc., Ayon Products, Inc., Kivar Plastics and a score of other U. S. affiliated companies.

These two areas are merely examples of dozens of others. A short automobile drive anywhere in Belgium takes you past directional arrows or signposts which carry familiar American industrial and trade

names. If you arrive by plane you see, after driving out of Brussels International Airport, huge signs or even bigger buildings with Good-year, Culligan, Coca-Cola, Gulf, Caltex or Kodak written across them. In the lobby of the gracious old Metropole Hotel in Brussels are daily listings of stock market quotations. Every company listed is American.

Belgian businessmen these days are heard speaking English with an American accent. To really impress, they order bourbon and water at the bar.

Before World War II it was chichi to speak English with an Oxford accent and drink Scotch and soda.

However, U. S. business has not taken over Belgium.

There is too much local investment money; too many well-run Belgian firms; too much local inventive genius and too much original thinking in this little country for that to happen. But, it is cer-

tainly a pro-American outpost in the midst of a spreading jungle of feeling against American investments.

Germans to the east, French to the south and Dutch to the north are less eager these days for American firms to buy their way into their areas. Incentives to attract foreign firms diminish while obstacles increase.

Slackening of interest in foreign investments in these neighboring countries is one reason why Belgium decided in 1959 to go hard after the American investment dollar. It is not, however, the only reason.

Geography is also a factor. Belgium is near the fast-beating heart of rich and prosperous western Europe. One of the world's best equipped ports is at Antwerp. The port is only 30 miles from Brussels and 50 from Liège. Over 100 million people live within 200 miles of Antwerp.

Belgium is a nearly perfect area for American companies to base themselves before they launch forth in the surrounding six-nation Common Market.

Investment capital is available to foreigners who wish to set up in business there.

Furthermore, foreign companies are treated like Belgian companies. A foreign firm can take its profits home or leave them in Belgium. All concessions given to home-owned companies go to foreigners, too.

Government fosters free enterprise

Belgian governments have always been, and still are, fierce defenders of the free enterprise system.

Its confidence in the capitalistic society rivals that of the United States.

The government is based on a constitutional monarchy, but emphasis is on "constitutional" and little on "monarchy." To Belgian kings—they should never be referred to as rulers—are left such tasks as cutting ribbons, presenting symbolic keys, cheering up the people after disasters, opening parliaments, welcoming dignitaries and, in turn, making foreign goodwill tours.

American companies began setting up shop in Belgium 100 years ago. International Harvester Co. exhibited here in 1862. Bell Telephone Co. opened a works in 1882, Caltex in 1905, Corn Products Co. in 1908, Ford Motor Co. in 1922, General Motors Corp. in 1925, Coca-Cola Co. in 1927.

In 1959 Belgians decided to sing a louder, more persuasive song of enticement and welcome. Laws were

Caterpillar's new \$80 million plant goes up rapidly in the south of Belgium, where welcome sign is out for U. S. and other investors.



When you consider
that there are 44 Wide-Tracks
that'll make your company look as good as this



why even consider anything else?

If you're the shrewd businessman we think you are, you can probably think of a couple of reasons. And we'd like to take them one at a time.

You say Pontiacs are too high-priced? Well, that elegant Catalina up there, with its standard 400 cubic inch V-8 and big car wheelbase, actually sells for the same money as many models of the low-priced three. Other Wide-Tracks are similarly competitive within their classes, but even if you have to pay a little more to start with, wait'll you see how much you get back at trade-in time.

You say Pontiacs cost too much to operate? Ah, if we're known for anything it's for building durable driving machines. So upkeep's a breeze. And we offer a choice of no less than three power plants that perform enthusiastically

on regular gas. Plus some extremely low rear axle ratios to keep the mileage up. As for safety, we've added a host of new features this year, like front seat back latches, a four-way hazard warning flasher and GM's new energy absorbing steering column.

You say you have more questions? Fine. We couldn't possibly cover everything here. Pontiac's leasing advantages, for example. Or Pontiac's unique incentive possibilities. (How about a Grand Prix or a GTO for your top salesman?) Why not contact your local Pontiac dealer, or the nearest Pontiac Zone office? Or write our Fleet Sales Department, Pontiac Motor Division, Pontiac, Michigan. You'll get some answers that'll surprise you.



WORK OF EXCELLENCE
Pontiac Motor Division

Wide-Track Pontiac.

WHERE U. S. INDUSTRY BOOMS ABROAD

continued

dressed up to bring in the foreigners.

Capital grants were made to cover estimated costs; industrial parks were laid out; exemptions were given on real estate taxes; industrial buildings were put at the disposal of industry on a rental basis; non-interest bearing loans were made for research; interest rates were reduced through governmental subsidies and the government guaranteed reimbursement of principal and interest on loans.

Local and foreign companies rose to this attractive bait, Belgian statistics show. In 1961, \$134 million was invested by foreigners. In 1964 the figure was up to \$181 million and then in 1965 came \$360 million in investment—nearly all of it American.

The plan was a success. American companies were behaving well. Nearly everyone—exceptions being those Belgian companies which had to modernize and compete to stay afloat—was pleased.

But, the plan could be improved upon, the Belgians felt. Then, too, the government had to find employment for tens of thousands of coal miners who were losing their jobs because pits were closing. Governmental subsidies to the mines were being discontinued because of uneconomic operations and worked-out seams. Besides American coal is better and can be delivered to the docks of Antwerp from the coalfields of West Virginia cheaper than Belgian coal.

Sweeten the kitty

One way to find work for unemployed miners was to step up the influx of foreign companies. The way to do it was to sweeten the kitty. Late last summer, Belgium did just that.

Old coal-mining areas where new, increased benefits are offered to all who will set up shop there are primarily in the provinces of Limburg in the northeast, Liège in the east, Hainault in the south and West-hoeck over towards the English Channel.

During the next two to three years, these enlarged concessions will be effective:

- Interest subsidies on loans may amount to five per cent for five years. In special cases subsidies may cover all interest charges for the first two years.
- Nonreimbursable capital grants may cover portions of investments.

In some cases grants and interest subsidies may be made concurrently.

- On loans granted by private institutions the state guarantee may cover 75 per cent.

Further fiscal advantages take four forms:

1. Reduction of taxation on capital gains if proceeds are invested in designated areas before 1969.
2. Exemption from registration duty of 2.5 per cent on assets brought in at the time of incorporation, or on increase of company capital.
3. Up to a maximum of 10 years exemption from real estate taxes on buildings, land and equipment.
4. Depreciation at double the normal rates for the first three years.

Business activities that may benefit from these incentives include industrial enterprises; commercial activities connected with industries; commercial research or services performed on behalf of industrial activities; handicraft activities of small and medium-sized business and industries.

The expanded push is on because there may be as many as 50,000 ex-miners looking for surface work within two to three years. Just now there is little unemployment.

Belgians who already have gone to work for American companies have been found excellent employees, and wages are lower than they are in the U. S.

Charles E. Wilson of Redwood City, Calif., general manager of Ampex Corp.'s expanding operation at Nivelles, says his employment office takes its pick of one out of every 10 applicants. He finds Belgians better trained than Americans of comparable age because of a network of excellent technical schools throughout Belgium. Ampex manufactures some parts as well as assembling tape recorders and memory cores.

The operation, which is only two years old, is so successful that adjacent land has been bought for expansion. The plant is new, light, airy and has excellent lunchroom and other employee facilities, much better than all but a few Belgian plants.

Pluses for investors

Productivity at least equals production in the U. S. on a per head basis. There is very little worker turnover.

Some stock American employee

relation practices are thought of highly; such things as:

- Open house, when workers bring their friends in to look around the plant.
- Chartering buses to get workers to industrial parks which sometimes are remote.
- The fact that the boss's door nearly always stands open and executives are ready to listen to beefs.

Ampex's plant, which is rather like many other American plants, represents a \$750,000 investment. It cost less than \$12 a square foot while a comparable plant in the U. S. would cost \$15.

American executives running plants in Belgium find less of a language problem than might be expected. Belgium is a bilingual nation. Everyone speaks French and Flemish.

In addition most Belgians studied English for many years in school. Well-educated Belgians speak excellent English.

Therefore, English-speaking plant managers, division heads and assembly line chiefs are not too difficult to locate.

A good secretary who can work in several languages, however, is much harder to find.

One important reason for excellent relations—a reason which rarely is mentioned by Belgians or Americans—is that U. S. firms let Belgians take over executive jobs.

Scores of plants have no Americans at all. Americans may have come over when plants were first installed. But they left after teaching Belgians how to run them.

Perhaps the best example of this is the Ford tractor plant at Antwerp. This is a \$100 million installation. It turns out 100 tractors, 525 rear axles and 400 transmissions daily. This equipment is sent all over the world, even to the U. S. where Belgian-made transmissions are installed in U. S.-made tractors.

Of the 2,000 people working at Ford-Antwerp, only three are Americans.

The man in charge is Director General Peter Lagasse, a Belgian. Lagasse is a fine example of a native Belgian who is a sort of industrialized American. His father was a Ford dealer and his wife is the daughter of another Ford dealer. "I never considered working anywhere except at Ford," Lagasse says.

"I was a big boy before I realized Ford wasn't Belgian-owned."

Can there be a better example than that of happily blending into a foreign landscape? **END**



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won a government conducted secret election among an appropriate voting unit of your employees.

One of your first problems, particularly if the union's official notice comes in the form of a personal visit by a union representative, will be what to do about authorization cards. These are cards that union organizers pressure employees into signing. They usually state that they are for the purpose of seeking an NLRB election, or to give the union the right to bargain for the employees or both.

The authorization card dodge

The NLRB has been more and more inclined to accept the union cards as sole evidence of a majority and to compel a company to bargain with the union without benefit of a secret ballot.

Typically, the organizer will try to hand you a stack of these "pledge cards" and be very anxious for you to look at them.

At this point, some employers crumble. They look at the cards, figure that's that and agree to recognize the union then and there. They don't even bother to find out whether the union really has the majority it claims. Such an action is not only a form of defeatism, it may also be a violation of the labor law.

It is unlawful for you to recognize a union if only a minority of your employees approve it. The NLRB could also claim that you are guilty of "sweethearting," recognizing one union, because you prefer it to another union which might come around next and be tougher in its demands.

Further, if you do accept the union's claim that its cards alone prove it has a majority, you are overlooking the fact that union cards can be inaccurate or even forged (see "The Union Cards Were Phony," March, 1966). You are depriving yourself of the right to tell your side of the story and your employees of their right to a secret election to express their true opinions of the union.

It is usually easy for the union to get names on authorization cards. Often, for example, employees will sign up to avoid being snubbed by some fellow workers or simply to get an organizer off their backs. They sign authorization cards in much the same way most people sign petitions, without fully understanding or reading everything that's on them.

How old is stale?

There is also the problem of "stale cards." These are authorization cards that are dated months—even years—before the date of submission. Whether such cards are valid depends on where you are located. The Boston office of the NLRB usually won't honor a card that is more than six months old, while the New York office honors cards as much as a year old.

NLRB officials themselves have referred to card checks as "notoriously unreliable."

But unions like the card check device because it

can be a quickie way of getting recognition and it is crammed with legal hazards for the employer.

The law requires an employer to act in good faith when questioning the union's claim of a majority. Union leaders hope that when an employer refuses to accept the cards as evidence of a majority, he will fail to show sufficient doubt about them. The NLRB may then decide that this, coupled with other trivial examples of misconduct, exhibits bad faith on the employer's part.

This happened, for example, two months ago when the U. S. Court of Appeals at St. Louis upheld an NLRB finding that an employer did not really doubt a union's majority status when he refused to bargain on the basis of its authorization cards. The court noted that in open conversations with union representatives the firm's officials failed to indicate doubt about the union's majority.

Insist on seeing lawyer

When you are confronted with the cards, you should, lawyers agree, immediately express your unfamiliarity with the legal problem involved and insist that you want to discuss the matter with your labor counsel.

Lawyers dispute whether or not an employer should look at, discuss or even touch the cards. Labor attorney William M. Pate, of Atlanta, Ga., warns that examining the cards could indicate that you accept this method of determining the majority question rather than the election procedure.

Furthermore, by looking at the cards you may undermine any future claims of a good faith doubt regarding the majority. Once you are aware of who signed the cards, the NLRB could rule you have given yourself an opportunity to check the names against your payroll.

Mr. Pate believes employers should express their doubt about the union's card check claim of majority, stand firm for an NLRB election and follow a consistent course thereafter.

"It's almost like a ritual," Mr. Pate adds.

You could, of course, base your refusal to recognize the union solely on some other reason, but it would be risky. For example, you could maintain that you are not in interstate commerce and thus are excluded from NLRB jurisdiction. Or you could claim that the union has picked an improper voting unit.

But if it should later be ruled that your claim is invalid, the NLRB will probably rule it is too late for you then to say you have a good faith doubt about the union's majority.

Probably the best policy on authorization cards is to rely on your lawyer's advice. He should be familiar with the methods used by the particular union that is after your employees and familiar with the procedures of the NLRB office in your area.

The matter of authorization cards has been fur-

ther complicated by the NLRB's decision in the Bernel Foam case. Even though a union had lost an election, the NLRB ordered the employer to recognize the union. The authorization cards which he had refused to look at, the NLRB said, had shown that at one time a majority of employees favored the union.

The NLRB here laid down the policy of reversing such elections if it feels that:

1. The card check actually indicated a majority.
2. The employer lacked good faith when he refused to recognize that majority.
3. The union has some valid objections to the election.

So even if you win a recognition election, the NLRB could still force you to bargain with the union.

The Bernel Foam doctrine intensified employer complaints that most employees sign authorization cards thinking that they are merely approving of holding an election. The validity of these complaints was so obvious when appealed to courts that most unions have reluctantly changed the wording on their pledge cards to contain phrases like:

"This card may be used to secure a secret ballot election conducted by the National Labor Relations Board, or to prove majority representation for recognition by the employer."

Employers claim that this is still vague.

The editors of the esteemed *Yale Law Journal*, fol-

lowing a recent exhaustive study of the pledge card procedure, conclude: "On the balance, the cards do more harm than good. Abolishing them might force the Congress, the courts, or the Board to devise more appropriate if less summary means of preventing employer coercion.

"Secret ballot elections are not perfect.

"But they are the best procedure yet devised for enabling the citizen and the working man to register his choice."

Turning to the NLRB

If you manage to stave off the union's authorization card onslaught, the union probably will petition the NLRB office in your area. If the union has signed authorization cards from more than half of the employees it wants in the bargaining unit, it will ask the NLRB to order you to recognize the union. If it has between 30 and 50 per cent of the cards, it will ask the NLRB to conduct an election to determine whether the employees want the union.

The NLRB will then send you a copy of the petition along with a questionnaire designed to determine whether you fall under NLRB jurisdiction.

The employer or employees may also petition for a Board election. This often occurs when a union has demanded recognition and then stalls for time hoping to build up greater employee support. You are entitled to an election, regardless of the number of union authorization cards, if a union engages in



Labor organizers like you to believe so many employees have signed up with the union that an election really isn't needed.

WHAT TO DO WHEN THE UNION KNOCKS

continued

unlawful recognition—"blackmail"—picketing. If a union loses a valid election, it is denied another election for 12 months.

The NLRB will ask if you would accept an election without a hearing, but most lawyers agree you should not waive the hearing.

The hearing officer will consider such matters as whether you are under the NLRB's jurisdiction, the composition of the voting unit and sometimes the validity of the union's cards.

Rigging the election

Unions have turned part of the hearings on petitions into nose counting contests. They try to exclude everyone from the bargaining unit who they think will vote "No." Often this means fragmenting large groups of employees into small, oddly mixed units.

Union organizers use this splintering tactic to get a foothold from which they can then press for unionization of the entire company. NLRB decisions actually encourage such union gerrymandering.

Theoretically the NLRB is supposed to determine the voting unit on more neutral issues such as the firm's organizational structure, the way groups of employees are unionized in other companies in the same industry and the similarity of employees' wages and work conditions.

After giving both sides a chance to present their views, the hearing officer prepares a report and gives it and a transcript of the hearing to the NLRB's regional director. The regional director will issue an official decision resolving the issues raised at the hearing. If an election is to be held, he will schedule a date for it.

Either party may appeal the decision to the Board's main office in Washington. The Board in recent years, however, has fancied itself as an agency to promote unionization in America.

An election is usually set for about a month away. You will want to make maximum use of the short campaign period. The majority of employees are on the fence at the start of most campaigns. Victory goes to whichever side does the best selling job during the campaign.

Set up campaign committee

You should run scared without

appearing to be, advise labor relations experts. You will want every member of management to be aware of what his role is during each step of the campaign. One highly effective method is to set up a campaign committee composed of managers, key supervisors and your labor lawyer.

Through the committee you can make sure supervisors have the right attitude toward the union drive and are properly instructed and fully informed about company policy. The supervisors, after all, are the ones who carry most of a campaign's burden.

The committee's main job is to develop an intelligent strategy and to approve all literature and speeches to be used.

The committee should also review the union's strategy. Leads will come from supervisors' reports and from union literature. The committee should decide what to do or say about each issue the union raises. If the union issue is over some condition you can easily correct, the committee must weigh whether or not correcting it during the campaign might be construed as overstepping the NLRB's hazy bounds for campaign conduct.

Your campaign committee should get busy early setting up the machinery for broadcasting the company's message. This involves distributing literature, making posters, checking out mailing times and stacking pre-addressed envelopes. It is best to settle these trivial but necessary matters right off, so you can devote later days of the campaign to the more important matters that are sure to confront you.

The campaign committee should draw up a schedule showing the sequence in which its various types of material are to be released. In general your election campaign, like a political campaign, should work up smoothly to a crescendo just before the election.

You won't want to exhaust your best material too early. But, again as in a political campaign, your schedule must be flexible enough so you can make the most of unexpected opportunities as they pop up.

Don't muzzle yourself

Labor relations expert Carl A. Becker, New York City, notes that many employers approach recogni-

tion campaigns timidly as if they were still under the old Wagner Act which required employers to be strictly neutral during the union's efforts to organize their employees.

This injustice was supposedly corrected in 1947 in a Taft-Hartley amendment that reads:

"The expressing of any views, argument or opinion, or the dissemination thereof, whether in written, printed, graphic or visual form, shall not constitute or be evidence of a violation of the provisions of this Act, if such expression contains no threat of reprisal, or force or promise of benefit."

Your committee meetings are good places to review all the ground rules for an election campaign. You want your supervisors confident they can take certain actions without fear of being charged with unfair labor practices. You should be willing to hold lengthy meetings if necessary to answer all their questions regarding do's and don'ts of campaigns.

You may—within certain limits—continue to operate your plant in the way you always have and you may participate actively in the campaign, resisting unionization and voicing your views against the union. Should you exceed the limits, however, the NLRB might deprive you and your employees of the right to have the majority question determined in an election.

There is a great legal gray zone that the NLRB has done little to clarify through its many conflicting interpretations of the Labor Management Relations Act. Labor lawyers advise employers to steer clear of the gray zone unless they believe they are far behind in the election campaign.

Even if you are careful, you may still be in trouble. The NLRB recently has been developing a theory that it is a violation of the labor law if your "entire course of conduct" is "calculated to convey a threat or induce fear" even though no single act can be termed improper.

Such again is the NLRB's strange conception of justice. **END**

(Next month: How to Outcampaign the Union.)

REPRINTS of "What to Do When the Union Knocks, Part Two," may be obtained for 30 cents a copy, \$14 per 100 or \$120 per 1,000 postpaid from *Nation's Business*, 1615 H St. N.W., Washington, D.C. 20006. Please enclose remittance with order.

BIG ISSUES IN THE NEW CONGRESS

continued from page 37

for the same things," he forecasts. "That means 14(b) (repeal of that portion of the Taft-Hartley labor law allowing states to determine their own rules on union shops), secondary picketing and all the rest."

Legislation to repeal section 14(b) is expected to be reintroduced, but Sen. Mansfield tells NATION'S BUSINESS candidly, "It doesn't do much good to have it up if you haven't got the votes."

On section 14(b), Sen. Dirksen says "the troops in Congress on both sides of the aisle will be ready to do battle. We shall have additional regiments when this does come."

The Republican Senate Leader

warned some informed economic quarters were speculating the nation can expect another recession. "If this is the case then we'd better put our house in order and plan for a recession from present economic levels," he said.

Sen. Dirksen feels, too, "it will be necessary for Congress to re-examine this question of federal control of education."

"Despite all the disclaimers which have been uttered by the Office of Education and others in government, there is a steady movement toward specific control and unless it is halted it can go the entire route."

He also says "the invasion of personal privacy is due for a real

Red China will be around with challenges for many years, predicts Speaker John McCormack viewing foreign affairs.



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examination," citing questionnaires issued to government personnel inquiring about many things in their private lives. "Perhaps," he declared, "a formal investigation" may delve into this.

The list of issues Congress will face can be a long one, including scores of proposals left over from this session and expected to be pushed. On some, the President has already said he'll try again.

Rep. Mahon views the demonstration cities face-lifting program, which he voted against, as a likely hot topic, saying it now contains 60 cities, but that he foresaw in time a clamor for 100, 200, 500—ad infinitum.

Other probabilities for consideration include tax code reform; guaranteed annual wage; other wage and hour legislation; consumer and pension legislation; antitrust and trade regulations; pollution abatement; community development; national food stockpile; rural electric and

The field for cutting spending by government isn't as wide as seen by some, says Sen. Monroney.



telephone banks, along with civil rights, the draft and foreign policy.

Chances are, too, the President will recommend another pay raise for federal workers. Some government employee groups are already talking as if this were a sure thing, what with the rising cost of living together with what now has become a tradition of frequent pay boosts.

"There could be some likelihood of this," Sen. Monroney confirms. As chairman of the Post Office and Civil Service committee, he would oversee hearings on any pay proposal.

Since Viet Nam is expected to cast such a large shadow over the next session, the renewal of the draft law holds keen interest.

Almost all the leaders voice the view that "some means can be found to make the draft more equitable." Sen. Mansfield declares he "would like to see some sort of universal military service to give everyone some training."

Defense Secretary Robert S. McNamara says he favors a national lottery.

The President will probably make recommendations on this. A blue-ribbon commission he appointed to examine the draft problem is due to report this month. There is speculation it will advocate a broad program including social service type work for some in lieu of army duty.

Senators Mansfield and Long also list reduction of American troops in Europe as a possible big item.

"Like old wine," mused the Majority Leader, "this gets better with age. We have a third of the Senate now that thinks this reduction is a good idea."

Sen. Kuchel rates almost equally with the issue of Southeast Asia the U. S. role in Europe, including its position in NATO and the possible reduction of the number of American troops stationed there.

Most members believe civil rights legislation will again be on the agenda even though the 1966 bill bogged down.

"I'm sure we will have civil right legislation," Sen. Mansfield observes. To which Sen. Long adds, "We will always have that. It will plague us forever."

Mr. Ford predicts "more attempts by the President to make the budget look good." He expects further efforts to raise funds outside the budget, such as the proposed rural electric bank authorized to borrow



U.S. role in Europe looms as another major topic in foreign field to Sen. Thomas Kuchel.

funds on the private money market for REA co-op expansion.

He also criticizes the Democratic majority for voting "too many times for parochial interests" and "spending over even the President's inflated budget."

Almost all the leaders and a number of senior Congressmen are in agreement on one point: The volume of legislation passed in the Ninetieth Congress will be less than in the Eighty-ninth.

Sen. Long puts it this way: "I don't see how that pace can be kept up. We've passed everything that the mind can conceive."

The number of bills introduced in Congress has increased at a fantastic rate. This last session there were over 18,000. Mr. Mills' committee generally receives about one of every five tossed into the hopper.

Ways and Means Committee received no less than 1,569 bills pertaining to taxes, 697 on social security and 509 on tariffs.

While most of these never came up for hearing, many will be reintroduced in the Ninetieth, along with countless new proposals. And even though thousands of bills die on some committee's calendar, hundreds have hearings.

This makes it doubtful if there will ever again be short sessions of Congress.

"Let's face it," says Mansfield. "This is a year around job." He intends to propose August and September be earmarked next year for a recess. "The members need it," he exclaimed. "They need time to go back home and visit with their constituents and see what the situation is."

Should Sen. Monroney's proposals to reorganize Congress be approved, some procedures would be streamlined. **END**

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Use that sixth sense —INSTINCT

Sometimes facts alone aren't enough to help you make the right decision; that's when instinct must take over

"How do you know when to use your instincts and when to distrust them?" a veteran management consultant was asked.

Thinking a moment, he replied, "I know it instinctively."

In his business a sharpened intuition stands him in good stead. He uses it often. A number of other executives interviewed in our increasingly computerized and fact-oriented society take a more cautious approach.

Instinct! They wince at the word and don't appear keen to convey to stockholders and board that they would be so unscientific as to rely on instinct in the shaping of important decisions. Some, in fact, are reluctant to admit it to themselves.

On the other hand, many of the nation's most dynamic executives have only kind words for the manager who employs a wise mix of instinct and fact in forming key judgments.

Roy L. Ash, president of mushrooming Litton Industries, Inc., refers to this man as the "entrepreneurial type." In companies whose goals match his, says Mr. Ash, such a temperament can be the most important single ingredient for growth.

Here are six guidelines to help you draw a practical balance in the weighting of facts vs. instinct in the shaping of your major decisions.

1. Keep instinct in its proper perspective.
2. Don't overrely on facts.
3. Evaluate the risks involved.
4. Know when and how to use instinct.
5. Know when to distrust your instinct.
6. Know when to distrust the facts.

Keep instinct in its place

Many executives like instinct, but don't like the word. Says Philip Brass, executive vice president, Rayette-Faberge, Inc., cosmetics maker: "I prefer the term, 'value judgment.' You combine experience, basic training and exposure to problems. Then you test what this tells you against available facts."

Alfred E. Perlman, president, New York Central RR System, is one of the nation's most effective users of instinct. He stresses the pragmatic approach, and makes clear the importance of defining the term properly. "If by instinct you mean primeval drive," he says, "I would distrust it. Instinct, to be useful, must be anchored in reality. It must be based on logic, knowledge and experience. You must be able to divorce the rational from the emotional."

Avco Corp.'s Board Chairman Kendrick R. Wilson, Jr., agrees. "Instinct is a tricky commodity," he points out. "It must be used realistically."

Just what is instinct, and how do you use it realistically?

"Instinct," says Stanley Arnold of Stanley Arnold & Associates, a marketing consultant, "takes over on

DRAWING BY CHARLES GURA



the border line of knowledge. It is in many ways a creative act. It assembles previously unrelated facts and experience into a new judgment about an untried solution. The process is an individual one—as opposed to a committee act. It lies, as John Steinbeck puts it, in the lonely mind of a man."

The intuitive process cannot be a group act, Mr. Arnold says. What comes out of group instinct is the most daring solution that the least daring individual can accept.

One executive, when asked how he used instinct, quickly replied, "I don't." Later he discussed a judgment he had made which had not been based on facts alone. "How did you reach the decision?" he was asked.

"I tried to call to mind analogous problems out of my past experience," he reflected. "I made certain observations and drew conclusions from my impressions and beliefs. Then—I just decided."

What he used, of course, was instinct.

Don't rely too much on facts

Rayette-Faberge's Philip Brass offers this sobering thought. "If management consisted only of weighing facts, executive judgment would not be needed."

Mr. Brass's counsel against placing undue reliance on cold, hard statistics is echoed by many other executives. A man who grows too accustomed to relying solely on facts, one company's chief executive points out, tends to distrust his judgment in situations where insufficient facts exist.

A probe for facts, says a food company vice president, "implies the desire to analyze and repeat successful moves made in the past." No one denies the necessity for this. But, as Mr. Ash points out, it is only one slice of the decision-making pie. He urges the dynamic manager to look to the future, not the past.

"To the entrepreneurial executive," says Mr. Ash, "what is being done now is obsolete. The prime question is not 'How shall we do the same thing better?' but 'What shall we do differently?'"

New York Central's Mr. Perlman is of like mind. "My management philosophy is this: After you've done a thing the same way for two years, look it over carefully. After five years, look at it with suspicion. After 10 years, throw it away and start all over."

Still, as many executives stress, facts and instinct are by no means irreconcilable. The trick is to come up with a good practical mix. Mr. Perlman cites breakthroughs being made in this area by the science of cybernetics.

"Some human beings have a better memory system than others. Some have a better computation system than others. Scientists, assisted by computers, are studying these functions to learn more about them."

Like so many others, he holds in great awe the computer's vast capacity to store information and provide access to it rapidly. "Still," he points out, "the computer is only the child of man's own brain and does not encompass the entire span of the brain's functions."

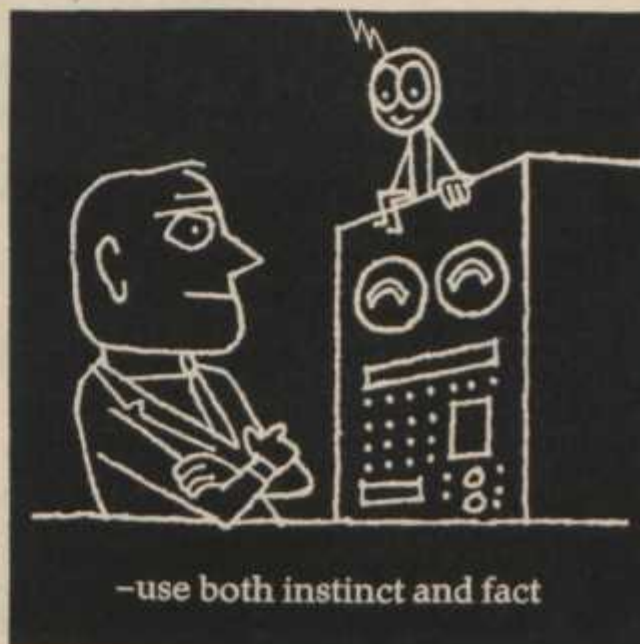
"The human being can use his built-in computer to



evaluate the many variables upon which he must base his decision. So we must rely on man's powers, as well as the machine, for a complete and effective functioning of the entire spectrum of management."

E. T. Klassen, president, American Can Co., puts it this way: "As we continue to increase the decisions that are suggested by computers and other devices, we are learning they possess great advantages but also some voids. I don't mean faults. There are just some things the machine cannot do, and may never be able to do for us. This is where business instinct will continue to play a major role in decision making."

Like most businessmen interviewed, Avco's Mr.





USE THAT SIXTH SENSE -INSTINCT *continued*

Wilson is a confirmed pragmatist. He relies heavily on surveys and market testing. "Occasionally, though," he concedes, "instinct should prevail over facts, as the man found who drowned in a lake whose average depth was only six inches."

Size up the risks

What of the manager who, lacking positive factual confirmation of his instinct-rooted conviction, is afraid to follow through with it? One executive comments bluntly, "Those who want to retreat to safe positions end up as clerks."

The way to operate, says Mr. Ash, is to measure the risk inherent in an opportunity against its potential gain.

The recent case of one small businessman provides a good example. The problem was whether or not to diversify into an almost totally unrelated field of production. A study was made, and based on the facts uncovered, the decision could have gone either way.

But the chairman's instinct told him to go ahead. Despite inconclusive findings, he felt the product would win acceptance. If he were right it would open a whole new area of profitable enterprise which could double the company's size in five years.

"What impelled my green light more than anything else," the executive admitted, "was that volume on our present principal line is shrinking and will continue to do so. My position was, though we had something to lose, we had everything to gain."

At times a manager's failure to meet a risk head on can be more risky than the risk itself. His lack of courage, if noticed by the boss, might be regarded as lack of confidence, with the net result, career containment.

The fear of acting upon the carefully considered prodding of one's instincts can have a binding and narrowing effect. We pay a heavy price for such fear, says John W. Gardner.

He writes in his book, "Self-Renewal": "It is a powerful obstacle to growth. It assures the progressive narrowing of the personality and prevents exploration and experimentation. There is no learning without some difficulty and fumbling. If you want to keep on learning, you must keep on risking failure—all your life."

Mr. Arnold feels there is a lesson to be learned from children who are comparatively free from fear of failure. "Their questioning innocence can be of value to executive decision makers. They constantly experiment.

"They come up with unique responses to baffling problems. Yet businessmen, in desperate need of unorthodox approaches, often shy away (instinctively?) from solutions that challenge fact-based conclusions. They don't properly evaluate the risk in terms of potential loss."

When to use instinct

How will the consumer react to a certain new product? How much will he pay for it? In what part of the country will it sell best? Should we expand our research and development effort? Should we diversify?

Should I fire John and bring in a new man to run his job? Should I change my own job, or go into a venture of my own?

Such questions are not readily answered by a cold appraisal of figures and facts.

In which areas is the use of instinct most prevalent? Mr. Brass cites human relations, new product planning and marketing as prime examples.

Mr. Arnold stresses the key role played in marketing. Research, he says, while an extremely valuable tool, is just that and no more. To many questions there are no factual answers. That's when instinctive judgment comes into play.

How can you sharpen such judgment in the area of marketing?

"The key," says Mr. Arnold, "lies in your ability to place yourself in the skin of the person you are trying to sell. In his place, would you buy the product? How much would you pay for it? How would you use it?"

What it boils down to, says an appliance company's vice president of sales, is the development of empathy. "The good instinctive marketer is able to gauge market acceptance well because he knows how to identify himself mentally and emotionally with the customer. He can thus predict with some degree of accuracy how the customer will feel and react."

Can you take any action to test the value of an instinctive judgment? The only positive proof is the measure of success achieved after the action takes place.

But, counsels Mr. Klassen of American Can, if your business instinct is confirmed by what your staff and computers are telling you, it follows that you are probably right. If your instinct goes con-



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USE THAT SIXTH SENSE -INSTINCT *continued*

trary to all of the other signals available to you, I would suggest some careful re-evaluation."

Mr. Klassen makes clear that by instinct he means "brain signals based upon past experience."

Another probable, though never foolproof, tip-off to a sound instinctive judgment—for the seasoned manager at least—is the feeling of unshakable conviction and compulsion that usually accompanies it. If, in spite of all arguments to the contrary, you remain strongly convinced that your instincts are to be trusted, chances are that you're right.

More than one executive cites timing as the most critical element in the decision-making process. A judgment enacted too early or too late can easily defeat a profit goal.

There are times, says Spencer Stuart of Spencer Stuart & Associates, Inc., when your best bet is to jump into the water, flail your arms and see if you sink. He cites one example where he stayed very much afloat.

Sometime back Mr. Stuart visited the United Kingdom to assess the recruitment situation there. What he saw was an abundance of ads in the papers and apparent activity on the part of British placement offices.

"The customary procedure," he says, "before committing the firm to setting up a major recruitment facility abroad, would be to undertake an exhaustive program of study and research. But my instinct told me the field was ripe and the time for action was now."

"In a matter of days I committed myself on the spot."

Today, thanks to this decision, Mr. Stuart's firm claims the dominant British position in the field. "Had we waited for the results of a slide rule study," says the recruiter, "we would have missed out on an unprecedented opportunity."

"Instinct," said one sage, "is the nose of the mind," an especially useful faculty in pioneering-type situations where there is little or no recorded experience to draw upon.

"But here," stresses Mr. Arnold, "it is vital to distinguish between personal taste and true instinctive appraisal. Personal taste can lead to disaster in the marketplace. Professional instinct can be the timesaving touchstone of success."

Where instinct can't help

Instinct, valuable as it is when used properly, like any other management tool, can just as easily be misapplied.

For one thing, as Mr. Wilson points out, instinct does not work in all areas. An instinct for picking people is not necessarily convertible to an instinct for picking products.

A chemical company found this out at considerable expense. The general manager was known for his ability to recruit and hire top performing technologists. But once, while his boss was in Europe, he was called upon to select a sales executive.

His choice was a singularly poor and embarrassing one. It became apparent that his instinct for spotting productive technologists did not carry into other lines of endeavor.

Spencer Stuart cites another much repeated error in the hiring of people. "Many managers hire too impulsively because of their instinctive liking for the applicant. They don't look hard enough at the man."

What they wind up with is a very compatible person who is unqualified for the job.

An outstanding abuse of instinctive judgment, according to a food company executive, is its premature use. "It's a particular pitfall," he says, "for the manager with extreme confidence in his instinctive powers. The temptation is to decide instinctively before properly evaluating the available evidence."

In one company, a busy executive recommended proceeding with the development of a proposed new product. His boss stopped the operation just in time.

Pointing to a report, he wanted to know how such a recommendation could have been made. The document detailed a competitor's disastrous attempt at just such a move a few years in the past. The executive, overconfident about his instincts, had not bothered to review the report.

Are they really facts?

The good instinctive manager has a healthy respect for facts, yet does not hold them sacred. When fact-based evidence swings contrary to his own instinctive views, in line with Mr. Klassen's advice, he carefully re-evaluates his position.

But he does not necessarily capitulate.

Mr. Brass says, "The ability of an executive to weigh judgments and stand on them—even when they run head-on into factual evidence—separates the chiefs from the Indians. A manager must be ready



Know when to distrust instinct



Know when to distrust facts

USE THAT SIXTH SENSE —INSTINCT *continued*

to put his reputation on the line in defense of his position."

Until his recent appointment as executive vice president of Rayette-Faberge, Mr. Brass piloted the Faberge subsidiary operation. In 1962 Faberge was a small, but gradually growing operation. A study was made to determine the advisability of ordering a computer.

Based on the hard financial facts, the answer that came out was, "Yes, we'll probably need a computer one of these years. But not yet. We're still too small."

Mr. Brass disagreed, not with the facts, but with the conclusion. His "nose of the mind" sensed unparalleled growth in the months ahead. Without a computer, he felt, the company would have a rough time getting out shipments and keeping an accurate tab on inventories of raw materials and finished goods.

He ran into stiff opposition. But, with his reputation very much on the line, his will prevailed. The following months testified to the accuracy of his instincts. Over the next three years sales more than doubled and earnings more than tripled.

"Without a computer," says one Faberge manager, "I don't know what we'd do."

The president of a restaurant chain ran into a comparable situation last year. A new store was failing to produce according to expectations. It appeared in danger of folding unless corrective action could be implemented in a hurry.

The president ordered a study to analyze the cause of the poor business. Cards were punched, tapes spun, figures spewed out.

Conclusion: "The menu is wrong for the area."

The president frowned. Without knowing why, he

was unhappy with the conclusion. He had spent years in the business, had held posts ranging from *maitre d'hôtel* to manager. Something didn't ring true.

He visited the store to assess the situation for himself. On his return he announced with conviction: "The menu has nothing to do with it. The problem is with the service."

The store's manager, together with four waitresses, were fired, and the establishment was saved.

The question is this. How do you program a computer to tell you that a manager is not inspiring the proper attitude on the part of his staff?

There's another thing about "facts."

As Mr. Arnold points out, they're not always as factual as they appear. If your instincts run contrary to fact-based evidence, he suggests, check out the main factual premise involved.

"I have seen so-called facts turn out to be little more than the judgment of another individual, or an idea that was incompletely researched or considered."

Particularly close scrutiny of the "facts" is recommended where human values are concerned. Mr. Stuart believes that facts are too often used as a basis for firing executives.

"If you look hard enough for negative evidence," he contends, "you'll almost always find it, in yourself or anyone else."

When it comes to people, says Mr. Stuart, the focus should be on intelligence and motivation. "If a manager has brains, is properly motivated and still fails, it's a good idea to search outside the man for the cause. He may lack specific knowledge or training. His supervision may be at fault."

If you examine only the dispassionate facts evinced by the failure, you may never get to the real root of the problem. You risk going through the terrible waste of firing one man and hiring another, only to have the same cycle of failure begin anew.

Mr. Klassen says pretty much the same thing. "There is just so much you can program concerning a man," he says. "Your business instincts must supply the rest."

"A computer can tell you that Joe has many of the requisites to head a new regional sales office. But it won't read out that he can't leave a particular region because of family ties."

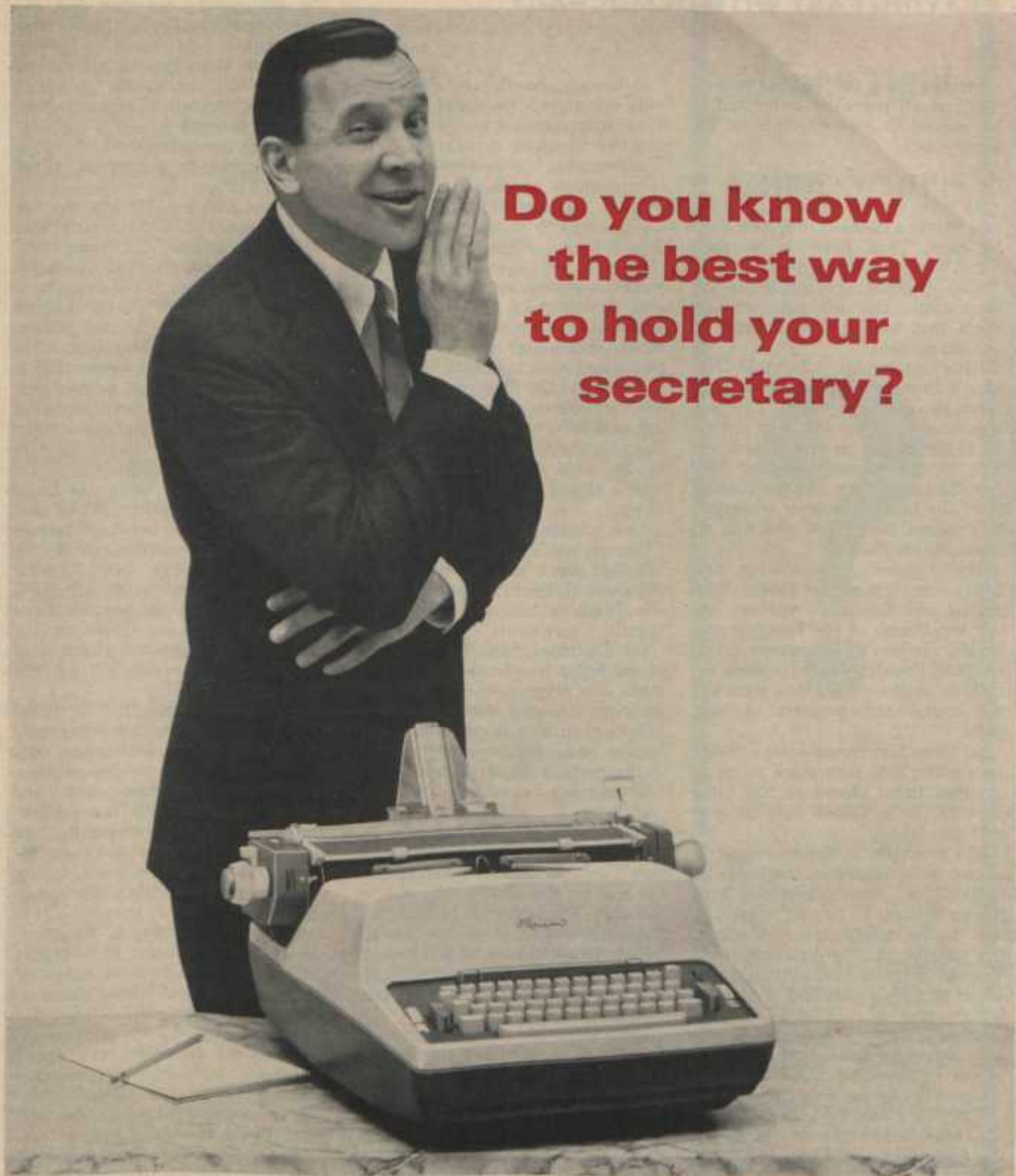
"I know this seems obvious, but companies continue to make mistakes in this area."

What does it all boil down to in the final analysis, this case for instinct? Mr. Klassen sums it up neatly. As time goes on, an executive's judgments will be developed largely by what the machines tell him.

But, as he points out, the machines are not always as articulate as we would like them to be. The executive will still have to depend on human programming—or instinct, if you will—to fill in the voids.

—RAYMOND DREYFACK

REPRINTS of "How to Use That Sixth Sense—Instinct" may be obtained for 30 cents a copy, \$14 per 100, or \$120 per 1,000 postpaid from *Nation's Business*, 1615 H St. N.W., Washington, D. C. 20006. Please enclose remittance with order.



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PLAYING FAST WITH DEMOCRACY

continued from page 39.

clearance from the Rules Committee, and all points of order had to be waived to insure action on the money bill.

No way to run a railroad

It was, in his opinion, a sorry way to run a railroad. "Something," he says, "will have to be done about this kind of situation."

Rep. Mahon is a gentle and patient man. But his patience had worn thin and it was difficult to remain gentle.

"It's intolerable," he told *NATION'S BUSINESS* in what must have been an understatement. The economic opportunity bill was reported to the House on June 1 and was still on the House calendar four months later. Five months elapsed from the time the higher education bill passed the House and was reported to the Senate.

Both pieces of legislation first had to go through the House Education and Labor Committee, under the thumb of the haughty and erratic Harlem Congressman Adam Clayton Powell, whose frequent vacations in the Caribbean influence the course and progress of such bills.

In these last frenetic days, members often find they have to be in at least three places at the same time to conduct their jobs as lawmakers.

For example, a Senate appropriations subcommittee trimmed \$6 million off the Administration's money request to run the new auto and traffic safety law. Whatever the merits of the cutback, Sen. Warren Magnuson, chairman of the committee that handled the legislation, and Sen. Norris Cotton, another principal sponsor of the auto safety measure, both were unaware of the cut until the bill reached the Senate floor.

They had been tied up in a Senate-House conference committee on the packaging and labeling legislation.

Bad laws sneak through

Many a costly, narrow interest law also sneaks by.

For example, in its waning days Congress also passed the \$4.1 billion public works bill. Buried among its numerous rivers and harbors projects was \$500,000 for a preconstruction study of a 120-mile canal between Lake Erie and the Ohio River.

Although hardly a dissenting vote was voiced, the canal had been vigorously opposed by Pennsylvania's two Senators, a majority of its Congressmen, business concerns and labor unions. Such a project, once started, may cost \$3 billion.

The project is the pet of Rep. Michael J. Kirwan (D.-Ohio), chairman of the House public works appropriations subcommittee and chairman of the House Congressional Campaign Committee which doles out money for campaigning House members.

There is still divided opinion on whether the controversial packaging and labeling bill, which sailed through the Senate by voice vote in the final week of the session, was a strong measure or watered-down.

One lawmaker pointed out, "There's not a great deal in the bill that can't already be done by the Federal Trade Commission and the Food and Drug Administration."

On Thursday, Oct. 20, democracy in the legislative branch of government was playing to a poor house. Tourists, looking down from the galleries on the handful of members on either floor, wondered aloud if this were typical of representative assembly.

Eulogies and jellyfish

On that day in the Senate, aged Sen. Carl Hayden of Arizona took his seat on the Democratic side of the aisle. He had been hospitalized for many weeks. One by one his fellow Senators rose to pay tribute to the man who has served longer in Congress than any other living person.

And that day the Senators delivered their eulogies to another old colleague, Sen. Harry F. Byrd (D.-Va.) who had just passed away.

Turning abruptly from gracious ceremony to the demands of law-making, the Senators also jammed through 71 bills, adopted several conference reports and approved the nomination of Harold Barefoot Sanders Jr. of Texas as assistant attorney general.

Then they adjourned at 5:34 p.m. with a call for a new meeting at 9:00 a.m. the next day.

The House moved ahead with its legislative program. It authorized funds for controlling and eliminating jellyfish and passed by roll call votes a rivers and harbors bill,

the antipoverty measure and the demonstration cities bill conference reports.

On one vote, for the rivers and harbors bill, only 261 members answered the call. There must be 217 for a quorum.

The House adjourned at 10:15 that evening to return at 10:00 a.m. on Friday.

It was October 21, but the top subject on the Senate side was about a notorious "Christmas tree" bill. That was the tag given by Sen. Albert Gore (D.-Tenn.) to a bill designed to encourage foreign investments in the United States. Threatening a filibuster Sen. Gore called the measure a "grab bag, a Santa Claus" because, he charged, it was loaded with special interest amendments.

Playing Santa Claus?

Sen. Russell B. Long (D.-La.), the Senate Majority Whip and chairman of the Senate Finance Committee, was being called the master of giveaway. Sen. John J. Williams (R.-Del.), unofficial watchdog of the Senate, accused Sen. Long of clearing the "grab bag" in a Finance Committee session a short time before the bill hit the floor.

Although certainly not all parts of the measure were suspect, it carried, for example, provisions permitting taxpayers to designate a Treasury contribution of \$1 to Presidential election campaigns, granted a tax adjustment for an aluminum plant in the Virgin Islands and a provision granting tax relief to people dealing in oyster and clam shells.

Vigorous debate was in the offing. Senate Majority leader Mike Mansfield of Montana put out the word to absent Senators: Hurry back and vote on the tax bill. The Air Force was alerted to provide transportation for members who could not make commercial connections. Democratic Sen. Lee Metcalf broke short his campaign in Montana and hustled back to Washington.

On the floor Sen. Frank Lausche (D.-Ohio) bristled. He said it was time Sen. Long serve the whole nation and stop using his position as chairman of the Finance Committee "to promote what was of special interest to his state."

Senate Leader Mansfield, usually slow to anger, cut the Ohioan off. He scolded Sen. Lausche charging that he had "wounded the members of this body" singly or collectively.

Sen. Long was unshaken. He de-

fended the bill with all its amendments. And he talked about oysters: "Oysters reproduce themselves. They replenish themselves like other animals. These are not the oyster shells that have oysters in them. There are oyster shells that haven't seen an oyster in years. . . ."

Sen. George Aiken (R-Vt.) was among many who scored the "grab bag" tax bill when it reached the Senate floor.

"We have before us a 231-page tax bill, most of which we saw for the first time at 10 o'clock this morning. There is an 80-page report accompanying the bill. I have not had the time to know what this tax bill contains.

"I have noticed that many of the provisions are retroactive to last January and that most of the other provisions take effect upon passage of the bill. To me it looks very much as if the people benefiting from the provisions of this bill are trying to nail them down before Congress knows what it is doing.

"In the 26 years that I have been here I don't believe I have seen any time when the Senate appeared more irresponsible than it does now."

\$63 million political windfall

One provision in the tax bill may even be unconstitutional. It is the provision allowing taxpayers to finance most costs of Presidential campaigns of the two major political parties.

Some government attorneys doubt the legality of letting the taxpayer designate \$63 million in Treasury funds be turned over to the Republican and Democratic National Committees.

Present Federal law prohibits any single political committee from raising or spending in excess of \$3 million in any one year.

Treasury officials testifying on the proposal called it the "greatest loophole" ever proposed by the Senate Finance Committee. Sen. Albert Gore (D-Tenn.), who led the fight to kill it, said:

"It surely is the most ingenuous, novel, bizarre and, I think, the most unwise and dangerous."

According to one report, Sen. Long, author of the plan, had no idea it would pass and sought only to lay the groundwork for action in the next Congress. But it swept on through.

Members entered the House chamber that Friday morning sleepy from the late session the night before. Empty seats were everywhere.

Most of those who came, came late.

A quorum call took almost 40 minutes to produce a bare majority. Rep. Frank Chelf (D-Ky.) drew an ovation when he entered. As the 217th member to answer the roll he gave the House its quorum.

Making sparks fly

Debate began on an Administration proposal to liberalize trade with eastern Europe. The oratory set off sparks. White-haired Speaker John McCormack jumped out of the chair (which he seldom does) and strode on to the floor to do battle.

He and former House Republican Leader Charles A. Halleck of Indiana immediately clashed.

At one point Rep. Halleck demanded to be heard. "Will you yield to me?" he shouted. Speaker McCormack shot back derisively, "Briefly. I cannot say No to you. I will come closer to you to see the deviltry in your eyes."

The Indiana lawmaker in answering pointed out: "Under Eisenhower we were not at war for eight years." The Speaker would have the last word: "Have you a question to ask? Have you a question to ask, Charlie? Be a good boy, now."

Rep. Halleck then reminded Speaker McCormack that he had supported the late President Kennedy at a White House meeting announcing the initial dispatch of troops to Viet Nam. "I applaud you, Charlie," the Speaker came back. "Keep up the good work."

On and on it went.

The curtain falls

Saturday, Oct. 22. The Senate went in at 9:00 a.m. but the House, with little left to do, began its humdrum proceedings at noon.

The last item of business in the House came when Rep. Roman Pucinski (D-Ill.) dropped House Resolution 18552 in the hopper. It was a private bill for the relief of Vasiliki Angelopoulos.

By now the Senate had talked itself out and adjourned sine die at 5:08 p.m. The House followed at 5:46 p.m. and it was all over.

Speaker McCormack, summed it up as "fabulous."

Former Vice President Richard Nixon had another view: "Congress, the watchdog of the people's interests for decades, has today become the toothless old lapdog of Lyndon Johnson—a whining, kennel-fed hound satisfied with occasional handouts of federal pork from Lyndon Johnson."

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WHERE BUSINESS AND LABOR WORK FOR REFORM

They're teaming up to
modernize government

Herrick Roth is a labor leader who makes no bones about not being able to get along with most businessmen.

Robert Wherry is a top corporate officer who spends a lot of time battling unions in his state legislature.

But they have points in common. One is mutual respect.

Mr. Roth, head of the Colorado AFL-CIO, says he has complete confidence in any pledge given by Bob Wherry, secretary of the Great Western Sugar Co. and a leader in the Colorado Assn. of Commerce and Industry. Mr. Wherry returns the compliment.

Another is a shared conviction that local government—and through it the states—must be strengthened to serve the needs of an increasingly urbanized nation.

They disagree somewhat in their approach. But out of their conflicting views, and those of other political and economic interests, are bound to come some real changes in government in their own state that may serve as an example to others.

This is because Colorado, even with a population of only two million, reflects all the problems of government in many more highly populated states:

- Urban areas sprawling beyond city lines.
- A scramble for tax sources.
- High demand for public services.
- "Home rule" autonomy versus regional efficiency.
- All the urban-suburban-rural conflict found elsewhere.

Across the nation, too, government and the political environment in which business operates are changing. The pressure comes from all sides.

Federal programs are being loaded with guidelines local people must obey. Demonstration cities legislation is increasing federal financing in—and control over—our cities. Court-ordered reapportionment is shifting power within states. So-called planning legislation would carve out development districts with little reverence for county lines. Reorganization proposals for interstate met-

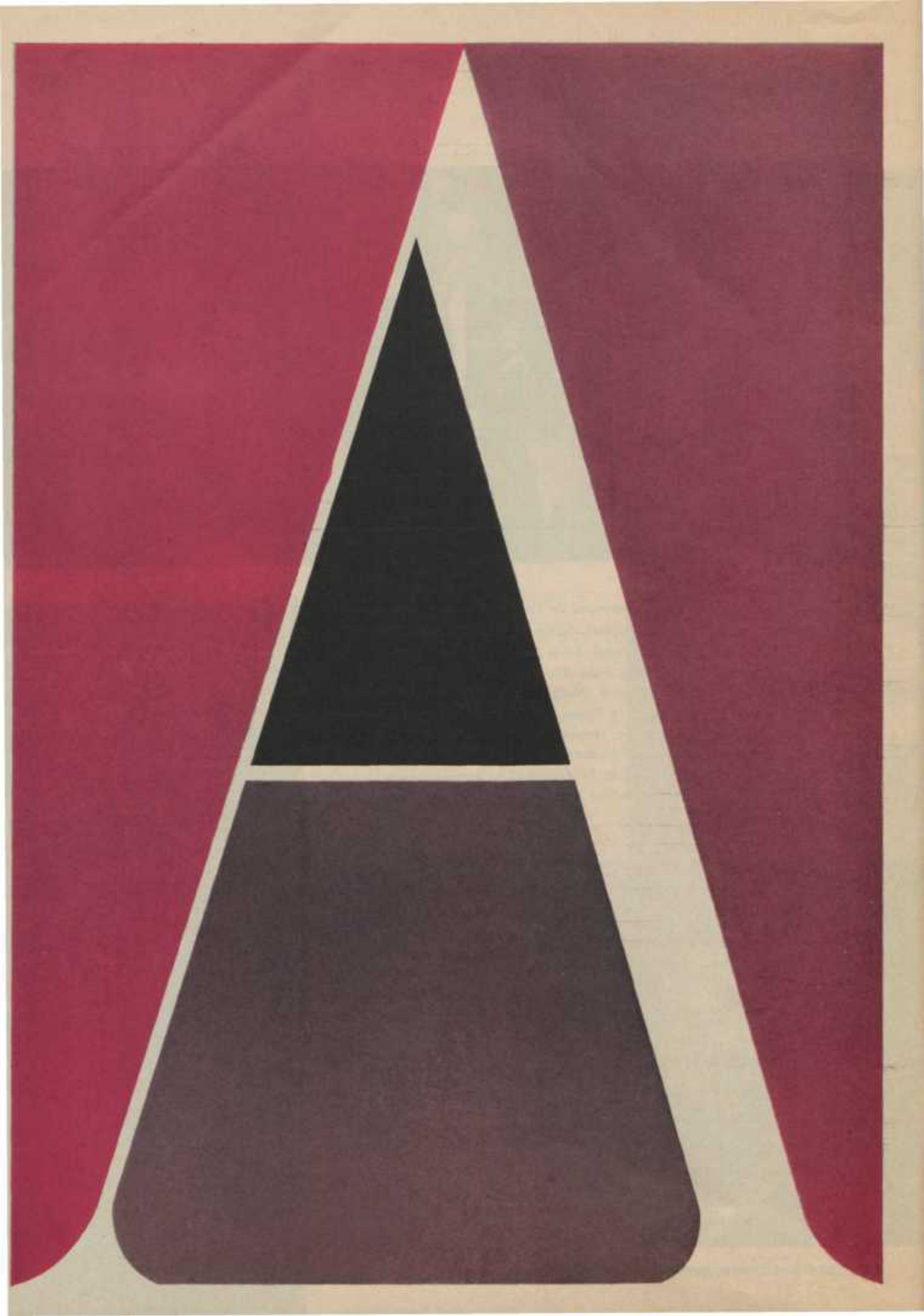




PHOTO: EDWARD BURNS

Efforts to strengthen local government in Colorado have support of legislative leaders of both parties, business and labor. Shown here are Democratic House Speaker Allen Dines (left), Assistant Republican House Floor Leader John Mackie (below), Colorado AFL-CIO Council head Herrick Roth (above) and Robert Wherry, Secretary, Great Western Sugar Co. (right). So far, there isn't full agreement on specific proposals. But most observers agree that eventually there will be major governmental reorganization, reassignment of services to be provided at various levels, and a reallocation of tax resources among governmental units.





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February 15

Macon, Georgia
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February 16

Roanoke, Virginia
Madison, Wisconsin

February 27

Buffalo, New York

February 28

Albany, New York
Des Moines, Iowa

March 1

Lawrence, Massachusetts
Chicago, Illinois

March 2

New Haven, Connecticut
Lexington, Kentucky

March 3

Allentown, Pennsylvania
Cleveland, Ohio

March 6

Grand Island, Nebraska
Baton Rouge, Louisiana
Orlando, Florida

March 7

Casper, Wyoming
Little Rock, Arkansas
Montgomery, Alabama

March 8

Missoula, Montana
Jackson, Mississippi
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March 9

Minot, North Dakota
Pocatello, Idaho
Wichita, Kansas

March 10

Spokane, Washington
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ropolitan areas would indiscriminately hop over state lines.

Some people propose that state and local government be helped financially by direct turnback of federal funds to the states, similar block grants to urban areas and credits against federal income taxes for certain state and local levies. Property taxes also are getting a hard look as communities seek new revenue sources.

Suggested remedies for state and local government problems range from "pabulum to castor oil," says William G. Colman, executive director, Advisory Commission on Intergovernmental Relations.

The political map is already changing at the state level. It's a piecemeal process, hard to see as one picture. But a lot is happening to strengthen nonfederal levels of government and more is on the way.

Businessmen lend aid

Some businessmen are deeply involved. Their help is proving essential to government reform.

Nowhere is this more apparent than in Colorado, where people take their government seriously. The major battle at the turn of the century, marked by riots and call-out of the militia, was over political independence of Denver from pervasive control by the state legislature.

Colorado is more peaceable now. It recently set up a state division to help local governments; a metropolitan sewer authority for Denver and environs is getting under way; a new annexation law for cities has been enacted.

But these are just a beginning. The state's long-range program includes:

- Reviewing the countless jobs state and local governments now do—and reassigning them in a more logical way.
- Deciding what taxes state, county, city, town or village governments need and should levy.

Other major proposals Colorado is weighing would:

- Let Denver—and other cities like it—unite with its ring of growing suburbs to provide services area-wide.
- Give municipalities more home rule to free them from the legislature's apron strings.
- Let residents of rural counties revamp their government, scrapping or consolidating offices as they wish.

Colorado's program is getting nationwide attention.

Experts say it can—if it goes through—make the state a model for local government.

Colorado's businessmen are playing a key role in this historic reform.

Immediately ahead is action on a major legislative package calling for creation of a limited governing agency for Denver and surrounding counties to provide basic services, greater self-government powers for cities and towns and more flexibility for counties in organizing their governments.

These measures have been defeated once in the state legislature, partially for lack of active business support. But key legislators tell NATION'S BUSINESS that recent support from some business leaders improves prospects for reform.

"I frankly think it can get somewhere next time around," says Democratic House Speaker Allen Dines, "if people like Bob (Wherry) really start to push." Mr. Dines was a member of a Local Affairs Study Commission set up by Gov. John A. Love. He was chairman of the Commission's Committee on Metropolitan Problems and a member of the subcommittee that drafted the reform package now under consideration.

The package has been described by Mr. Colman of the Advisory Commission on Intergovernmental Relations as offering Colorado the prospect of becoming a "showplace of local government." And this isn't just Washington talking.

The Commission represents all levels of government, from federal on down through governors, legislators, mayors and county officials.

A top target

Where does business stand on government reform?

The Denver Chamber of Commerce has listed as No. 2 among its top 10 targets: "Work to accomplish a realistic form of metropolitan government in the Denver metropolitan area at the earliest appropriate time and in the most appropriate manner, and for legislative reforms to improve the business climate."

Some member groups endorse the specific package proposed by the 100-member Commission. But the Chamber's general stand represents a commitment to the principle—with proposals yet to be worked

out—rather than to specific legislation. Much will depend on provisions relating to taxation and distribution of state revenue.

For the same reason, Assn. of Commerce and Industry, a state-wide organization, is not committed to any specific proposal, Raymond A. Kimball, executive vice president, points out.

Supporters of strengthened local government emphasize—for two reasons—that reform is not a Denver measure or a business measure, much less a Denver business measure. (Insiders say some quiet sniping in the business community on Seventeenth Street knocks down that notion. And many observers point out that identification of reform as strictly a business measure—or as the sole property of any other single group—would be the kiss of death.)

At any rate, it's not. For proof you need look no further than the Democratic House Speaker and the Republican Assistant Floor Leader, John G. Mackie, who is vice chairman of the Governor's 100-man Commission.

While pushing for local reform, they recently opposed organized attempts by business to limit property taxation by state constitutional amendment.

Reform also has the support of such diverse national groups as the AFL-CIO, League of Women Voters, U. S. Conference of Mayors, National League of Cities, County Managers Assn., National Assn. of Counties, Council of State Governments and the Chamber of Commerce of the United States.

In Colorado, reform advocates also include Herrick Roth of the AFL-CIO Council, a Commission member. He says organized labor will support whatever form of metropolitan arrangement that is "politically most salable" rather than hold out for any pet plan.

He personally argues for a metropolitan service district for the Denver area which would gradually absorb whatever governmental functions the people turn over through referendum.

The case for reform

Here is the businessman's stake in government reform as Colorado sees it:

"Local government is the best government and we have to give it the tools to make it work," says Mr. Wherry. He is strongly concerned over such federal proposals as the Community District Development Act, a plan to chop states

up into development districts tied to federal programs.

"If business doesn't help shape local government, somebody else is going to," says J. D. Arehart, a former fiscal analyst with the private, business-supported Public Expenditures Council, and now head of the state Division of Local Government.

"Business enterprise will operate best," he adds, "under a government system that people feel they control. When the people don't, business suffers."

"The businessman appreciates dealing with efficiency perhaps more than anyone else," says Rep. Mackie. "He wants to know who is doing the taxing, who provides the services and whom to see when he's making a big capital investment."

Emphasizing that reform must be followed by fixing of responsibilities and tax powers among government levels, he reflects the concern of business over giving localities carte blanche taxing authority with no guidelines. "This is one of the things a businessman thinking through his left hip pocket would fear."

Mr. Kimball believes that reli-

ance on federal-state matching programs neutralizes state government and that a rational reorganization might lessen dependence on the property tax.

At the same time, he insists that a lot of tax questions must be answered before, not after, any reorganization plan goes through.

One fear in the state was that an expanded Denver constituency taking in heavily populated surrounding areas would run the state legislature. This could easily happen if the new unit's members were elected at large on a winner-take-all basis.

Businessmen shared this concern.

So they and others pushed for a constitutional amendment providing for election of legislators from individual single-member subdistricts.

This amendment, which passed in a referendum last month, also gives suburban jurisdictions added assurance that they will not be swallowed up by merger into a larger group.

With that key amendment out of the way, business support is picking up. "I think it's got a good, fighting chance," says Mr. Mackie.

END

library of generalized programs designed for groups of retailers. The best of these programs permit the retailer to insert his own specifications in areas where flexibility is most desirable. All of them permit the center to distribute development costs among many customers.

The services most commonly provided for retailers are:

- Financial statements.
- Sales analysis.
- Inventory control reports.
- Accounts receivable.

Usually, the retailer can sign up for one of these services or any combination.

Current monthly financial statements—not available to most retailers except through data processing—give the owner of any small business an awareness of trends and conditions in that business he can obtain in no other way.

A well conceived profit and loss statement gives the retailer a detailed breakdown of operating expenses for the month and for the year to date, expressed in dollars and as a percentage of sales. It may even include deductions for income tax.

By comparing the latest month against the year to date, the preceding month, and the same month last year and the year before, the retailer can be alerted to the existence of problems as they begin to develop. A comparison to industry averages for similar stores—usually compiled by the retailer's national association—can flag conditions that are out of line.

A monthly profit and loss statement should be supplemented by a monthly balance sheet. A good balance sheet will not only spell out assets and liabilities, but will also give the net amount of change during the month under each item. Such a report is designed to help the retailer detect immediately whether his financial position is improving or worsening and why.

For greatest profit gains

For most small retailers, the greatest opportunities for increasing profits through data processing lie in the areas of inventory control, sales analysis and accounts receivable.

James R. Peterson, the third generation proprietor of Ekstrom's, a clothing store in Superior, Wisc., was looking for a way to maintain better control over his inventory when he saw his first demonstration of a data processing system at a trade show several years ago.

Sensing that he had found the

NEW WAY TO BIGGER PROFITS *continued from page 45*

investment, better turnover of merchandise, a better competitive position in the community and an improved cash flow."

Another association, Menswear Retailers of America, developed a manual which standardized the industry's accounting methods and made it easier to use EDP techniques.

The National Retail Furniture Assn., which also has a manual, has been sponsoring office management workshops in various cities around the country, partly to discuss the growing interest in data processing among furniture retailers.

Wholesalers, too, have come to see the retailer's need for organized and detailed information. In fact, the wholesaler has a keen interest in the retailer's turnover because it is directly related to his own.

By using the computer to process information for his retailer customers, he can observe the flow of merchandise from manufacturer to consumer by classification on a current basis. Then both wholesaler and retailer are better equipped to serve consumers with a minimum inventory.

One of the first wholesalers to see these advantages was Lag Drug, Chicago, Ill. In offering data processing services to his customers, Lloyd Yale, executive vice president and general manager of Lag Drug, described the program for pinpointing retailers' problems and improving their profits as a significant new step in wholesaler-retailer relations:

"The low cost of management reports under this system brings electronic controls within the reach of even the smallest independent pharmacy, and we believe that the modern wholesaler should cooperate in every way to implement such a system for retailers of every size."

How EDP helps you

Exactly what does data processing do for the retailer?

The full versatility of a data processing system is not fully available to the small retailer for two reasons:

1. Custom-tailoring an EDP system is prohibitively expensive.
2. Most small retailers have neither the time nor the experience to define their needs in great detail.

However, data processing centers serving retailers usually have a li-

solution, he subscribed to the complete service—including a combination sales and inventory analysis, accounts receivable service and financial statements.

When he received his first sales and inventory analysis of 450 classifications of merchandise, he found a surprise in every other line. For example, the report disclosed that sweaters accounted for 7.2 per cent of the store's sales, but only 2.1 per cent of the inventory.

Mr. Peterson points out that "every merchant constantly analyzes his business neighborhood, his clientele and his stock. After a while, he comes to believe he knows them well. But the first data processing report will expose many misconceptions, if my experience is at all typical."

Take the Carl Co., a department store in downtown Schenectady, N. Y. It opened a branch store about four miles from the main store.

Sales in the branch store were analyzed by a data processing center from the day it opened.

President Charles Carl explains: "A lot of guesswork goes into the planning of a new store. You make presumptions about the people who will shop there and the kinds of merchandise they will be willing to buy there, knowing that not all of them will work out."

"Once the store is opened, you analyze the sales results to adjust these presumptions in the light of reality. Electronic data processing is the fastest and least expensive method of analyzing sales in detail—and speed of adjustment may well determine the degree of success during the critical period after the store opens."

"The first reports on our branch store turned up a few surprises. For example, we had anticipated a much lower volume in our highest quality ladies' coats than we actually experienced. As soon as the report showed us what we could expect, we made adjustments in our stock that changed the character of the department while we still could do it easily."

Sixty service stations in the Phoenix, Ariz., area are using a variation of the data processing sales analysis as the basis for an incentive plan. Employees are paid on the basis of what they sell, and the percentage of commission varies with the profitability of the sales item.

Bob Stone, a Texaco dealer, says: "The results, I must admit, surprised me. First, I learned I had a shrinkage problem that I didn't know existed. Then, it became evident that the man I thought was busiest didn't do anything, compared with the others, when it came to making money for the operation. Eventually, this man left because the incentive plan had reduced his income."

During the first year on the system, Mr. Stone's income increased \$4,000.

The format of a sales and inventory analysis will vary somewhat with the retailer's line of business and the accounting system he uses. However, for most retailers, an effective analysis should provide the answers to these questions for each classification of merchandise:

- What were the dollar sales last month?
- What is the percentage relationship to total store sales last month?
- What were dollar sales year to date?
- What is the percentage relationship to total store sales year to date?
- What is the current dollar inventory?
- What is the percentage relationship to total store inventory?
- How long will current inventory last at present rate of sales?
- What is projected annual turnover at present rate of sales?
- What is the gross profit?

A monthly review of such an analysis can give the retailer sharper insight into the source of his profits and a better foundation for his plans for the future.

Cutting Accounts Receivable

Asked which data processing report was most useful to him, James Peterson, proprietor of Ekstrom's clothing store, replies:

"The inventory and sales analysis is the report we were interested in from the beginning, and we find it does all we had hoped for. But the fact is that the accounts receivable services have been so effective that I do not know which is the more important."

"The reduction in our investment in accounts receivable has been so great that I believe this service alone is paying for our entire data processing program."

Usually, under the accounts receivable application, the data processing center prepares statements

on all accounts with outstanding balances each month, and either sends them directly to the customers, or sends them to the retailer for mailing. In either case, the center sends a credit management report to the retailer.

The credit management report lists all the accounts with outstanding balances, and sums up the charges and payments made during the preceding month.

If any portion of the balance is more than a month old, the report flags the account by printing the customer's phone number to the left of the customer's name. The overdue amount is broken down on the basis of age—over 30 days, over 60 days, over 90 days—so that the condition of the account can be grasped immediately.

The system has three advantages:

1. Every account with an outstanding balance is billed on the first of every month.
2. Follow up of overdue accounts by mail or phone is greatly simplified; all the retailer has to do is decide and act.
3. The center applies carrying charges to the overdue amount.

Don Davis, owner of Prescription Laboratory, a four-store apothecary chain in Lubbock, Texas, reduced his investment in 3,000 accounts receivable by one third within six months after going on his system.

"We collected \$2,000 more than we granted in credit during the first month our credit management report was available," he points out.

Mr. Davis is also pleased with the carrying charges on overdue amounts, a source of income he never had before because of the difficulty of computing the charges.

"This brings in about \$175 in interest a month, and maintaining it does not cost us a thing, either in time or in money."

Care and feeding of data

The retailer who uses a data processing center provides the center with the details of his daily business transactions. This is the input data—the raw material which the center must organize to produce the end results. It's best to accumulate this information in a form in which it can be introduced directly into the computer.

Ordinarily, the data is captured in punched paper tape or in optical font.

Optical font is a special typeface designed to be read electronically as well as visually. The data is printed in optical font by a sales

register or by an adding machine.

Punched paper tape is a method of capturing and coding data by punching holes in a narrow strip of paper tape. A unit connected to a cash register or an adding machine punches the holes.

Either way, the details can be captured as a by-product of recording the sale. Code numbers for the merchandise, salesperson and the customer (on a credit transaction) are entered through the keyboard of the register (or adding machine) along with the price.

Purchases and expenses may be entered through the same keyboard—along with identifying code numbers—as separate transactions at any convenient time.

The input data is the responsibility of the store that subscribes to the data processing service. Any errors in the data will show up in the results and detract from their value.

By installing a data processing system, the retailer is actually extracting the nervous system of his business—a system that has been adjusted over the years so that it fits—and replacing it with a new, much more complex system that will almost certainly require a lot of tinkering before it fits comfortably.

There is only one proper way to perform this delicate operation. The retailer must proceed slowly, a step at a time, always checking thoroughly on the stability of each step before proceeding to the next.

The retailers who use EDP now probably number less than 10,000. But the substantial improvement it has made in their profits and the general conduct of their business indicates that data processing will eventually become almost universal among retailers.

In fact, data processing—once considered the exclusive tool of the bigger business—may enable the small retailer to reverse the trend to dominance by the big store and the chain.

As Robert H. McKelvey, managing partner of McKelvey's Furniture in Lubbock, Texas, puts it: "The day of instinctive management is gone. There just isn't room for management error anymore."

END

REPRINTS of "New Ways to Bigger Profits" may be obtained for 30 cents a copy, \$14 per 100 and \$120 per 1,000 postpaid from Nation's Business, 1615 H Street, N. W., Washington, D. C. 20006. Please enclose remittance with order.

new world around the corner

Forty-five minutes to any place in the world! That's the hope of aerospace engineers who are perfecting the design for passenger-cargo rockets now on the drawing boards.

Commercial service isn't expected for another 15 years—so don't stand in line for a ticket just yet.

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PETE PROGRESS

Speaking for the local chamber of commerce in your community



LESSONS OF LEADERSHIP *continued from page 62*

tions. This is involved in package TV. Pro ball can't encroach on the college or high school games.

Tuesday night would not work out. We would not be interested in playing any time later than Monday if we had a game the following weekend. So, basically pro football is a Sunday game.

In the last 10 to 12 years you have gotten a new breed of owner in the league, primarily successful business people. What are your views on this?

I think they brought in some very refreshing ideas. Certainly, a fellow like Arthur Modell in Cleveland with his background in advertising and in television has made many fine contributions to the NFL. He originated such things as a doubleheader which draws capacity houses of 83,000. This is fine for Cleveland and I think it is something that helps an entire league.

He has great half-time shows with fine bands, with fireworks which are shown nationally on TV. Other new owners have brought good business backgrounds to our league. People like Bill Ford of Detroit and Jerry Wolman of Philadelphia.

Do you foresee a time when there will be no fans at games, when games are played only for the TV camera?

I would hate to see that because the play would suffer. Players need audiences, enthusiasm, spontaneity. I can never foresee such a day. We played Dallas in Akron, Ohio, one Thanksgiving Day and had 2,300 people out. Players found it difficult to get themselves up for the game. It was like a private showing.

Not counting salaries, what does it cost the Bears per player between the time he reports in July and you bid him good-bye in January?

I dislike figures. I don't think they mean much. But I would say about \$4,000 a year per man, including transportation. We have some 40 players.

I think what is much more significant is the cost of obtaining a man—the amount spent annually to scout and prepare for the draft.

Each year a team gets from four to eight players out of the draft who make the club. We get scouting reports on 2,500 players and check them in detail.

I would imagine the average NFL club spends in excess of \$100,000

a year to find those four to eight players.

What is your greatest problem?

I am not talking about the league, but the Bears' greatest problem is the inability to satisfy demands for tickets, and it is disturbing. We chose not to sell out the entire park on a season ticket basis. We sell some single game tickets.

We want to create new fans not only via television but people who may first become interested because of television but then want to go out and see the game. Of course, with our limited capacity—47,000—it is a concern that we do not have space for these people.

We are sold out generally by the month of June for all our own games and then the person who may have seen the first couple of games on television comes down and wants to buy a pair of tickets. He is told he's got to wait for the following year. This is an unhealthy situation. **END**

REPRINTS of "Lessons of Leadership: Part XIX—Quarterbacking a New Industry" may be obtained for 35 cents a copy, \$16 per 100 or \$135 per 1,000 postpaid from *Nation's Business*, 1615 H St. N.W., Washington, D.C. 20006. Please enclose remittance with order.

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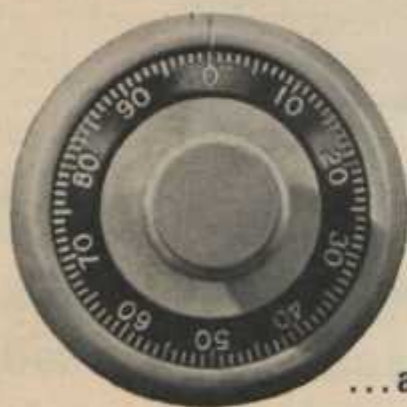
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Something to kick about?



Nobody blames housewives for getting sore about inflation. And it's instinctive—though uninformed and unfair—to strike out against grocers whose food prices are higher. About as silly as kicking the cat just because it's handy.

The grocer can't absorb rising costs any more than any other businessman. He makes only about one penny on each dollar of food he sells. So he can't cut his prices for long, no matter how many ladies boycott his store.

In the picture above, that's Mrs. Esther Peterson, the President's consumer specialist, embracing a leader of the housewives' food store boycott.

There was already too much emotion being kicked up over inflation and its causes even before Mrs. Peterson began hugging boycotters. You would think that citizens could count on their public servants, who should know what causes inflation, to be a bit more rational and impartial.

After all, though the price of food has gone up 28 per cent in the past five years, most bureaucrats should be aware that inflationary federal spending has gone up twice as much.

Nation's Business • December 1966

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